

MARKET ASSESSMENT IN EASTERN SUDAN

REPORT

28th of May 2014



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ACRONYMS

- BDS** – Business Development Services
- CAHW** – Community Animal Health Workers
- CBO** – Community Based Organisation
- CBS** – Central Bank of Sudan
- DPKO** – United Nations Department of Peacekeeping Operations
- ESPA** – Eastern Sudan Peace Agreement
- ESRDF** – Eastern Sudan Reconstruction and Development Fund
- IDP** – Internally Displaced Person
- IGA** – Income Generating Activities
- ILO** – International Labour Organisation
- KILM** – Key Indicators of Labour Market
- LMIAS** – Labour Market Information and Analysis System
- INGO** – International Non-governmental Organisation
- M&E** – Monitoring & Evaluation
- MARF** – Ministry of Animal Resources and Fisheries
- MDG** – Millenium Development Goal
- MSW** – Ministry of Social Welfare
- NCTTE** – National Council for Technical and Technological Education
- SCVTA** – Supreme Council for Vocational Training and Apprentiships
- SDG** – Sudanese Pound
- SME** – Small and Medium Enterprises
- SOLSES** – Sustainable Options for Livelihood Security in Eastern Sudan
- SPS** – Sanitary and Phyto-Sanitary
- RMA** – Rapid Market Assessment
- ToT** – Training of Trainers
- TSI** – Transitional Solutions Initiatives
- TVET** – Technical Vocational Education and Training
- UNDDR** – United Nations Disarmament Demobilisation and Reintegration
- UNDP** – United Nations Development Programme
- UNIDO** – United Nations International Development Organisation
- UNHCR** – United Nations High Commissioner for Refugees
- VT** – Vocational Training
- VTC** - Vocational Training Centre

EXECUTIVE SUMMARY

A Market Assessment was carried out in February/March 2014 in East Sudan. The assessment consisted of a combination of qualitative and quantitative data collection. The assessment covered Gedaref and El Gazeera State. In these states, the locations included were two refugee camps (Um Gargour and Fau5), one closed refugee camp (Karkora), and three host communities near the camps (Gedaref Town, Um Elgura locality and Wad Medani Town). For each location, 240 questionnaire-based interviews were held, giving a total of 1440 interviews. In addition to these interviews, a total of 42 key informants were interviewed in Gedaref and Jazeera State.

The assessment has led to the following main conclusions:

The main commodities/service markets to develop are agricultural markets (sheep, groundnuts, sorghum) and service markets (electricity supply, building and construction, labour market).

For refugee consumers, the top 5 goods that are bought on a daily basis are sugar, onion, cooking oil, milk and tea. For host communities' consumers, the top 5 goods bought on a daily basis are sugar, vegetables, cooking oil, meat and coffee. Although the majority of refugees and host communities are satisfied about the supply in the market, some items are difficult to find, mainly fruits, clothes, meat, gas, medicine and shoes. Major reason for dissatisfaction with goods in the market is the price of the products sold in the market, followed by lack of supply. Based on a cross tabulation analysis for the consumer survey, it was found that the average daily income per household for host communities is almost twice as high as for refugees. Host communities consume more meat compared to refugees. When looking at household expenditure, host communities spend relatively more income on sugar, milk, electricity and fruit.

It was found that the top 5 main commodities that market vendors sell in the market are sugar, coffee, cooking oil, flour and onion. The top 5 main services that service providers offer are bakery services, communication, coffee stalls, agricultural labour and gas provision. The majority of vendors and service providers are able to satisfy its customers (66-76%). The main reasons for not being able to meet the demand of all customers are a lack of finance, lack of supply, lack of transport to bring the product from its source to the market.

Based on a supply-demand analysis in the refugee camp markets, it was found that the major commodities in demand in the refugee camps are cereal grain, sorghum and sorghum flour, which constitute the basic staple food. The major commodities in short supply and required by the refugees in camps are different types of vegetables, including onions, tomatoes, fresh green vegetables and other horticultural commodities. It was noticeable in all the camp markets visited and surveyed that there is a general shortage of products and commodities to sell on their markets. Another major area of unsatisfied demand is shortage of electricity supply, and limited supply of building material in both host communities and refugees homesteads. Each refugee camp has a market within the camp. However, the market infrastructure is minimal and in some cases completely missing.

From the market and business opportunities survey it was found that the top market commodities/opportunities for business development are crops (Sorghum, Sesame, Arabic Gum, Groundnuts, Sunflowers), Livestock (Sheep, Cattle, Goats) and Services (Electricity production and provision, Mechanics (auto mechanics and agriculture machinery mechanics and maintenance), Building and construction works and supply of material, gas and gas cylinders and dairy production). Labour is in demand in all the above businesses.

In the report, six business summaries and six business feasibility overviews are provided on sheep production, sheep trading, tanning, groundnuts production, building construction and electricity

production. More research and in depth analysis is required to assess their concrete viability and profitability through specific feasibility studies and business plans that TSI might consider for support.

Regarding the opportunities for the provision of microfinance, it was found that about 10 bank branches provide formal financial services around the host communities and camps in Gedaref and only one bank branch provide services around the host communities and refugees camp, in Um Elgura locality, In Al Jazeera State. It was also found that NGOs, both national and international, are making an effort to boost microfinance in the two states.

An initial assessment of the absorption capacity of the local markets in the localities covered by the Market Assessment, it was found that agricultural, livestock, small manufacturing (industry) and small retail are the most promising sectors. The proposed business opportunities are expected to create demand for jobs and boost employment for refugees and host communities in the two states. Small enterprises or cooperatives can be supported in offsetting labour and technology in:

1. Food production
2. Building materials and metal
3. Agriculture, animal resources and dairy production
4. Fishery farms
5. Tanneries to further capitalise on animal resources
6. Horticultural production (fruit suitable for juice, vegetables)
7. Cultivation of wild fruits and gum Arabic
8. Oil extraction and canning

When looking at markets from a gender perspective, the findings of the study revealed deep-rooted gender stereotypes about women based on the cultural and traditional norms and values. In most of Jazeera and Gedaref states, the team observed and learned that culturally women are not even mentioned in matters pertaining to business. The common income generating activities (IGAs) for women in Jazeera and Gedaref are food processing and sewing, sheep and goat trading businesses in the refugee camps, particularly milk and milk products, and sorghum and groundnut production. However, in most of these agricultural enterprises, women are only involved as labour suppliers, and not as entrepreneurs or producers. The market assessment has provided some indications that women refugees are doing better than in host communities in terms of setting up their own businesses. This provides interesting potential to develop joint businesses with host communities.

Based on the outcomes of the market assessment, the following recommendations for specific business development strategies (services) can be made:

- 1 TSI programme could invest in providing BDS management to the staff of the Association and support for the establishment of specific antennas in the host communities/refugee camps to provide services tailored to the local scale of business.
- 2 TSI programme could consider linking up with other programmes focused on business development (e.g. Know about, Generate, Start and Improve your business, My COOP (ILO) or COMFAR (UNIDO).
- 3 TSI programme could invest in creating a pool of business counsellors to follow up on the TSI participants, helping boost business growth, and sustainability.
- 4 TSI could also involve local business people to mentor and coach new entrepreneurs, making them part of their chains of production and value chains.
- 5 TSI could provide support to service provision in Um Elghura through knowledge, skills development VT, research (e.g. Feasibility studies on plastic recycling technology partially carried out by the Rahad scheme).

- 6 TSI could provide support on horticultural training for production and management of the dedicated areas under the Rahad scheme.
- 7 TSI could provide support to strengthening existing training and extension services in Shuwak and exploring feasibility of new services in demand for the new sectors of horticultural and fishery in Shuwak.
- 8 TSI could provide support to the Department of Labour of Gedaref and Jazeera on active labour market measures like: training needs assessment, LMIAs, employment services, establishment of private employment agencies (service cooperatives) managing labour outsourcing
- 9 TSI could provide support to the VTCs by linking short courses offered by mobile units in the refugee camps to regular programmes offered by the VTCs. This can be done by designing courses as modules providing credits upon completion and leading to a formal qualification when the established number of credits is achieved.
- 10 TSI could also support the adoption of a mechanism of recognition of prior learning or competences acquired by refugees through non-formal learning and working experience. This would open to the possibility acquiring a qualification (e.g. skilled worker or junior technician) by the mean of formal testing organised at the VTCs (e.g. UNESCO BEAR programme, UNESCO-IFAD Learning Knowledge and Skills for Improving Agriculture and Rural Livelihoods”).
- 11 TSI could also promote training of trainers of VTCs and technical schools in both States on the adoption of curricula and programmes in trades in demand and include technical and entrepreneurial skills development modules in on-going programmes (e.g. ILO’s Know about business, ILO TREE-training for rural economic empowerment).
- 12 TSI could partner with the Um Elghura Vocational Training School for the inclusion of modular courses for youth leading to a national qualification and short specialising courses for adults.
- 13 TSI programme should strengthen VT and extension services at local levels also through the promotion of private suppliers.
- 14 TSI support should be provided on consumer and service cooperatives as efficient hubs for the procurement, provision and rationalisation of extension services for cooperative members.
- 15 TSI should reconsider microfinance conditions and partner with public and private microfinance institutions to increase the credit threshold, also taking into consideration the introduction of an indexation mechanism in relation to the high inflation and currency depreciation e.g. SUDIA’s MF threshold up SDG 10,000 (=USD 1767) and credit access restructured /collaterals and guarantees).
- 16 TSI should support the establishment of self-help groups, social sustainable enterprises, service groups or cooperatives for promoting saving and credit schemes for housing construction including the procurement and sale of B&C building material, storage and transport.
- 17 The programme could provide support (financial and technical training) for start up and management of micro-enterprises on electricity production technology and equipment (solar)
- 18 Finally, there is need for a more gender-responsive programming in the TSI programme, for which specific recommendations are included in the report.

1 INTRODUCTION

1.1 BACKGROUND OF THE ASSESSMENT

Transition International (TI), a Netherlands-based consultancy firm, was requested by UNHCR in Sudan to carry out a Market Assessment for Eastern Sudan. The current report is providing the results of this assessment. The assessment was carried out in the period February-March 2014 by a team of international and national researchers and enumerators¹.

The Market Assessment is part of the Transitional Solutions Initiative (TSI) for refugees and their host communities in Eastern Sudan, a joint programme by UNHCR and UNDP, in close collaboration with the Government of Sudan². The TSI provides a framework for transitioning displacement situations to durable solutions. As a partnership between humanitarian and development actors the TSI prioritizes effective inter-agency partnerships, with tailored area-specific interventions to increase self-reliance. Projects are designed to benefit the host populations as well as the refugees and have a strong component of national ownership and capacity development of local government, without which sustainable solutions would be impossible. The programme focuses among others on enhanced vocational capacities and business skills, diversification and improvement of rural livelihoods opportunities and enhanced access to microfinance services.

1.2 OBJECTIVES OF THE ASSESSMENT

The purpose of the Market Assessment is to identify concrete market opportunities for refugees and their communities in the TSI target areas in eastern Sudan, through analysing market dynamics and assessing the supply and demand of prominent goods and services. The market study will also provide estimates for how many people would benefit from those market opportunities, how much would be their potential increase in income and how the TSI programme would help the beneficiaries make optimal use of the identified opportunities.

1.3 GEOGRAPHICAL COVERAGE

The initial focus of the Market Assessment was on Kassala State, Gedaref State and Jazeera State. In particular, the following localities were targeted.

Localities covered under the TSI Joint Programme:

In Kassala State: Girba Refugee Camp (6,284 refugees) and their host communities of Girba Town (37,000 residents), Um Gamis (900 residents), Elsharafa (7,000 residents), Andala (4,500 residents) in Girba Locality; Kilo 26 Refugee Camp (8,317 refugees) and their host communities of Kilo 26 Arab (4,720 residents) and Um Alkheer (750 residents) Girba Locality.

¹ This report was authored by Mark van Dorp, Luca Azzoni, Conisia Shumba, and Irma Specht; with the support of Mohamed Nur, Nuha Elzein, Evelien Thieme Groen, and Peter Seary.

² UNDP-UNHCR TSI (2012). JP Programme Document.

In Gedaref State: Um Gargour (8,947 refugees), Karkora closed refugee camp (48 refugees) and their host communities of Shuwak Town (79,644 residents), El Mogata'a (2,000 residents) in Fashaga Locality.

Localities covered under the TSI UNHCR specific target areas:

In Kassala State: Abuda Refugee Camp (2,938 refugees) and their host communities of Abuda Sudanese village (1,400 villagers), Um Ali Alwifag (3,500 villagers), Alamara (1,988 villagers), Aradeiba (1,260 villagers) in Wad Elhilew Locality; Abuda (2,938 refugees), Abuda Sudanese village, Um Ali Alwifag (3,500 villagers)

In Jazeera State: Fau5 Refugee Camp (876 refugees), and their host communities of Ababda (1,038 villagers) in Um Elgura Locality; Village 40 and/or Medani Town.

As a result of the problems the UNHCR Sub-office experienced in the implementation of TSI activities due to the National Security stopping all activities related to the TSI in the camps within Kassala State, UNHCR reformulated the workplan in a way that the team, after the briefing at the UNHCR Office for Eastern Sudan and the UNDP TSI project in Kassala, could access the following camps and host communities and localities in Gedaref and Jazeera State only where implementation of the TSI continued.

Table 1: Geographical coverage of the market assessment.

State	Locality	Refugee camp	Host community
Gedaref State – from 24 to 26 February 2014	Fashaga Locality	1. Um Gargour (8.947) 2. Karkora closed refugee camp (48)	- Shuwak Town (79,644) - El Mogata'a
Jazeera State – from 27 February to 3 March 2014	Um Elgura Locality	1. Fau5 (876)	- Ababda (1,038) - Village 40 (?) - Medani Town (population unknown)

1.4 METHODOLOGY USED

Given the limited time span of the assignment, a Rapid Market Appraisal (RMA) was carried out by the research team. This appraisal method aims specifically on the identification of market development related information. The strength of the RMA lies in the short time required to obtain in-depth information for first level decision making the most relevant community level and target groups specific market access development programmes. Conducting a RMA is an efficient way to obtain policy-relevant and intervention-focused information about any sub-sector in a specific region. The method avoids the cost, delays and management burden of formal surveys while still providing the experienced analyst with a practical set of tools for identifying constraints and opportunities, cross-checking observations and planning or monitoring strategic interventions.

Throughout the market assessment, the team built on the wide experience on economic opportunity mapping gained by Transition International. Extensive use was made of the tools and questionnaires as part of a manual on socio-economic profiling and opportunity mapping, which has been prepared

in 2008 upon the request of UNICEF Liberia, UNDP HAITI, UNDDR Sudan and the United Nations Department of Peace-Keeping Operations (DPKO) in New York.³

1.4.1 DATA COLLECTION AND ANALYSIS PROTOCOL⁴

Through a consultative process with UNHCR and UNDP, the Team Leader, assisted by a team of 1 international and 2 national consultants, have supervised and conducted a market assessment and have identified potential profitable business opportunities for the target population through studying the demand and supply for products and services in the TSI target areas. The tasks were as follows⁵:

1. Secondary market information analysis

Data collection method: All relevant documents were reviewed and main findings summarized into a comprehensive overview of local market trends and market opportunities.

2. Government economic policies and development priorities

Data collection method: Selecting and interviewing government officials from relevant departments and ministries in Khartoum. All relevant documents were reviewed and main findings summarized into a comprehensive overview of local market trends and market opportunities.

3. Market information from key informants

Data collection method: On the first day after arrival in each locality, interviews were held with key local entrepreneurs, local business councils or local government officials. These one-on-one, in-depth interviews have been used to provide expert opinion, using a checklist of questions and responses.

4. Market opportunity identification

Data collection method: For each locality, the main markets were determined. Data was collected through a combination of one-on-one interviews (carried out by international consultant with national consultant), as well as questionnaires (carried out by locally hired enumerators).

During the market assessment, the sampling procedure was as follows:

- Determining the major markets in each locality; literature review, UNHCR team
- Selecting the most important market in each locality that is located near the refugee camps or host communities; UNHCR
- For each market, inventorying the number of vendors and the type of goods and services produced/sold; All tools
- For each market, market vendors and consumers were interviewed to obtain information on the prices and volumes of products, cost structure, trends in supply and demand, and potential for increased business

³ Specht, I. (2008). Socio-economic Profiling and Opportunity Mapping Manual

⁴ Throughout the report, we have translated all amounts in SDG (Sudanese pounds) into US dollar; we used the rate of 15 February 2014, when the market assessment was carried out. Source: <http://www.oanda.com/currency/converter/>

⁵ See Annex B for the full research protocol.

5. Identification of business development services provided to enhance the beneficiaries' successful business endeavours.

Data collection method: combining the outcomes of the literature review and the market survey, the most viable business development services were identified.

6. Validation workshop

In each location, validation workshops with relevant stakeholders were held to discuss the findings of the study and solicit feedback needed to finalise the research.

7. Crosscutting issues

In order to maximise impact and sustainability of the TSI programme, the following aspects have also been taken into account:

- Socio-economic environment in eastern Sudan;
- Gender mainstreaming;
- Participation of youth and vulnerable groups;
- The promotion of peaceful coexistence of refugees and the host community;
- Participatory approaches at all stages of the study (the voice of beneficiaries should be well reflected);
- Focus on sustainability;
- Impact- and action- oriented recommendations to be made;
- And livelihood zones.

8. Analyses of data and writing up draft report

9. Finalising final report

1.4.2 LIMITATIONS AND BOTTLENECKS OF THE STUDY

Throughout the assessment, a number of bottlenecks arose that severely hampered the work and limited the scope of the study:

- Out of the three international team members, the one who was assigned the task of Team Leader, was not provided with a visa for Sudan in time. Parts of his tasks were therefore taken over by one of the other international consultants, but it actually limited the capacity to do the fieldwork.
- The 2 international team members had to wait for two weeks in Khartoum before they were provided with the necessary travel permits for Eastern Sudan.
- As a result of the problems the UNHCR Sub-office experienced in the implementation of TSI activities due to the National Security stopping all activities related to the TSI in the camps within Kassala State, UNHCR reformulated the work plan in a way that the Team, after the briefing at the UNHCR Office for Eastern Sudan and the UNDP TSI project in Kassala, could access a limited number of Camps and host communities and localities in Gedaref and El Gazeera States only. Therefore, the scope of the assessment is limited to these two States and excludes Kassala State.
- Most information on government policies was obtained on the basis of interviews with local government officials in East Sudan, as there was very little specific knowledge about the region by policymakers in Khartoum.

1.4.3 TOOLS DEVELOPED

For the purpose of this Market Assessment, the following tools were developed⁶:

- Focus group interview checklist for refugees
- Interview checklist for business service provides
- Interview checklist for industry experts
- Interview checklist for international development partners
- Interview checklist for national-local authorities
- Interview checklist for producers and firms
- Interview checklist for traders
- Questionnaire market vendors Q1a
- Questionnaire service providers Q1b
- Consumer questionnaire refugees Q2a
- Consumer questionnaire host communities Q2b

1.4.4 SCOPE (NUMBERS, LOCATIONS COVERED)

As indicated in 1.3 (geographical coverage), the assessment covered Gedaref and El Gazeera State. In these states, the locations included were two refugee camps (Um Gargour and Fau5), one closed refugee camp (Karkora), and three host communities near the camps (Gedaref Town, Um Elgura locality and Wad Medani Town). For each location, 240 interviews were held, giving a total of 1440 interviews.

In addition to these interviews, a total of 42 key informants were interviewed in Gedaref and Jazeera State, divided over the following types of informants.⁷

Table 2: Summary of key informants interviewed.

Location	Government	Host communities	Refugees	Business community	Total
Gedaref	7	6	3	6	22
Aljazeera	2	3	4	11	20

⁶ See Annex D for the tools and questionnaires used. The tools and questionnaires build upon earlier work by Transition International in its manual on socio-economic profiling and opportunity mapping (Specht 2008).

⁷ See Annex A for a complete list of people contacted/interviewed

1.4.5 SAMPLING APPLIED

The targeting principles applied in selecting respondents for the survey were as follows:

- The team used a simple random sample (SRS) of a fixed number of respondents (240 interviews per location). The advantage of random sampling is that all respondents are given an equal probability. Furthermore, any given pair of elements has the same chance of selection as any other such pair. This minimises bias and simplifies analysis of results.
- However, SRS can be vulnerable to sampling error because the randomness of the selection may result in a sample that doesn't reflect the makeup of the population. This could result in a skewed representation of men or women in the sample, or of people selling a particular item. In general it was felt that this risk was not very high, given the number of interviews per locality.
- Random sampling was also deemed to be the most logical choice because the time for interviewing people was too short to carry out a more systematic sampling.
- In addition, stratified sampling was applied by selecting respondents from different groups: refugees and host communities, as well as male, female and youth.

1.4.6 COMMUNITY PARTICIPATION IN THE CONSULTANCY

The target groups were targeted with questionnaires through the quantitative survey. Since this was a market assessment the team targeted the markets and market places and interviewed vendors and service providers in the markets. In Gedaref the team assessed two localities; Um Gargour refugee camp community with its camp market, and the host community Karkora and its market; and Showak. The enumerators went into the camps and into the host communities' residential places and picked interviewees at random throughout the camp. In Jazeera the team assessed Um El Gura host community and Fau5 refugee camp targeting the residential places and the market places of both locations.

In both locations and states the team interviewed the key informants, the government institutions: Ministries of Animal Resources and Fisheries, Agriculture, Labour and Education. The team interviewed the representatives of local communities to get their views and opinions on which markets to develop for maximum benefit of the local communities; Commissioner of Refugees representatives, camp managers, refugee committees, Pastoralist Union, Microfinance institutions, the Chamber of Commerce at localities level through one on one interviews and stakeholder workshops.

In all these interactions with the local communities at different structural levels from the grass-root levels to higher levels – the team found the communities very responsive and positive to the survey. The communities were very welcoming and more than willing to share their ideas and views with the interviewers. The team found the communities supportive to the ideas the team shared with them on the purpose of the survey. There was eagerness and zeal to make sure the assessment is accurate and that it represents the situation on the ground in order to design effective programmes for the communities. The team are confident that the team got authentic ideas and views from both the target communities and their representatives in the municipalities and government institutions.

1.4.7 GENDER-RESPONSIVENESS OF THE ASSESSMENT

Women in the rural communities face multiple burdens in terms of bearing responsibility of household work, child bearing and raising while lacking comparable authority over, and access to, productive resources and decision-making processes. Ensuring gender participation in market assessment surveys promotes and facilitates the participation of women in the ensuing project activities, and minimises gender neglect in programme design and in programming.

Gender inequalities are often critical to understanding and addressing the 'weakest links' within value chains and market systems, and the most critical areas for upgrading quality and growth as well as poverty reduction. Gender analysis is however generally also the weakest point in most market and value chain analyses. Gender inequalities affect where power is located and where and how change can occur in order to translate chain upgrading into poverty reduction.

Gender issues are included in the market analysis to ensure the following,

1. To include and prioritize the needs of both men and women on an equitable basis,
2. To ensure that gender mainstreaming is achieved therefore at all stages and levels of the process from initial design, analysis, action learning and implementation,
3. Including women at all levels and give the women a voice or freedom to communicate their needs and ideas. Women must be given a platform to express themselves and to articulate how they view development – express their dreams, constraints and where they need assistance. It is very crucial; especially to make sure the person collecting data from women is a fellow woman. The women relax and become comfortable to express themselves. There is also a critical need to build a rapport with the women before going into deep and accurate data collection. To this end, the team made sure that the team had women making 40% of the enumerators and 50% of the consultants. This enabled the female enumerators to reach out to the female respondents without any difficulties,
4. Gender disaggregation of all data is essential to identify areas of gender difference, and investigating areas of gender difference to identify whether this is due to gender inequalities of opportunity or differences in free choice,
5. Gender equitable planning which mainstreams equality of opportunity and identifies supportive strategies needed to enable women to realize these opportunities, and to promote the support of men for the necessary changes,
6. Gender-accountable implementation and learning processes, which involve women as well as men in implementation, and incorporates gender indicators in monitoring.

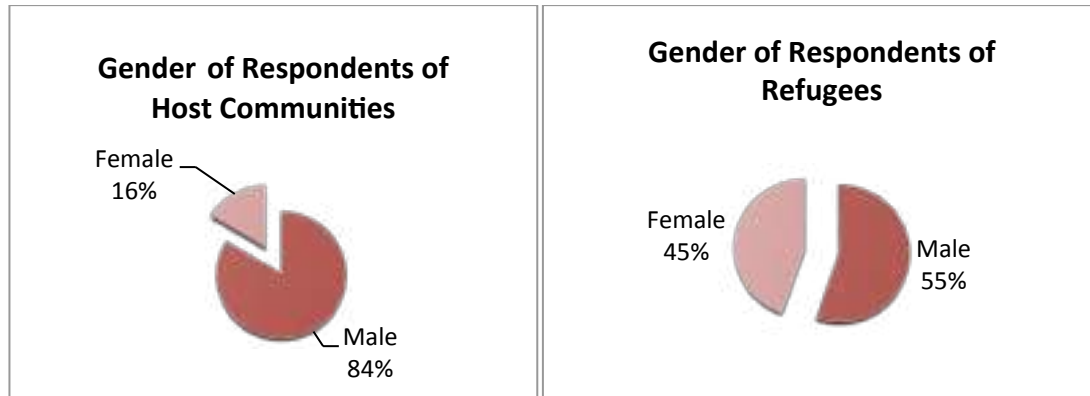
In order to achieve all the above gender analysis requirements in the market survey; the team took the following measures;

- a. We designed tools that address gender issues,
- b. We made sure that our tools facilitate gender aggregation of data and facilitate the generation of gender aggregated analyses,
- c. Enumerators were trained and during the training session the team emphasised that the enumerators make deliberate efforts to identify and interview women,
- d. We sensitized our enumerators on the need for collecting data from women as well as men,
- e. Each enumerator was required to interview both men and women in a 50:50 proportion of men to women, as far as it was possible.

During the execution of the survey, the team constantly checked with the enumerators and reminded them to deliberately interview women. Some enumerators reported that they had difficulties finding women, especially in the market places, as women in the localities are not allowed to operate businesses in public. It was thus a challenge to interview and include women in

the quantitative survey, especially in the host communities. Quantitative data in the table below shows that the majority of interviewed respondents in the host communities were male 84% and only 16% were female; and in the refugee camps 55% of total respondents interviewed were male and 45 % were female. This could be attributed to the fact that refugees are accustomed to surveys and interviews and women do not shy away from interviewers, in comparison to women in the host communities.

Graph 1: Gender distribution of respondents (n=1440).



2 LITERATURE REVIEW

2.1 LOCAL, REGIONAL AND NATIONAL MARKET TRENDS

2.1.1 GENERAL OVERVIEW OF ECONOMIC SITUATION IN EAST SUDAN

Eastern Sudan suffers from significant levels of poverty and underdevelopment. Conflict, neglect and recurrent natural disasters have long constrained development in the region. As a result, the region exhibits some of the worst development indicators in Sudan, with high rates of global and acute malnutrition, low levels of literacy and school attendance – especially for girls – and inadequate access to healthcare and clean water.⁸

Eastern Sudan's population is approximately six million. Despite high poverty levels, the East is one of Sudan's richer regions, with Port Sudan the gateway to most foreign trade (including oil) and a number of large-scale, irrigated agricultural schemes. However, trade and farming revenue has not benefited the region's majority of herdsman and subsistence farmers. For two decades, recurrent drought and famine has decimated rural livelihoods. The highly centralised government, with a near monopoly on the collection and redistribution of revenues, has returned only meagre allocations for education, health and other services in the East.⁹

For more than four decades, East Sudan has hosted large numbers of refugees, mainly from Eritrea and Ethiopia, and more recently from Somalia. The continuing arrival of new refugees is creating further demand for assistance. From the most recent livelihoods assessment, it appears that the poverty situation continues to improve in refugee camps despite some agro-ecological challenges. 48% of the camp population is defined as poor (the extremely poor- 15.23% and the economically active poor -32.96%), while 33.79% and 18.23% are the middle and the better-off respectively. Compared to the poverty status in 2012, 10% of the poor have moved from the extreme poor category to economically active poor. This indicates that refugee households are capable to move out from the curse of extreme poverty. The average monthly income (296 SDG=52 USD) of the extremely poor is almost half of the average monthly income (554 SDG=98 USD) of the economically active poor, while the monthly average income of the middle and the better-off are 1045 SDG (=185 USD) and 1,468 SDG (=259 USD) respectively. This indicates a high resource gap among the wealth groups.¹⁰

50% of refugee households have access to arable land, which is higher than the status (46%) in 2012. The extremely poor do not have access to arable land, while 43% of the economically active poor have access to arable land. A majority of the wealthier groups have access to arable land. This indicates that agriculture is predominant livelihoods of refugee households in eastern Sudan. The assessment shows that access to arable land is associated with the access to microfinance services. Livestock (sheep/goats and cows) is the one of the key household productive assets.¹¹

⁸ The International Donors and Investors Conference For Eastern Sudan, Kuwait , December 2010.

⁹ International Crisis Group (2013). Sudan: Preserving Peace in the East. Africa Report N°209

¹⁰ UNHCR (2014). UNHCR-COR Joint Livelihoods Assessment Refugee Camps, Eastern Sudan

¹¹ Ibid.

Given the importance of livestock and agriculture, the initial market analysis below is focusing on 3 of the most prominent subsectors: sheep, groundnuts and vegetables.

2.1.2 INITIAL MARKET ANALYSIS FOR THE SHEEP MARKET/INDUSTRY

The Middle East, especially Saudi Arabia, has been the traditional export destination for livestock and livestock products from Sudan. Sheep export occurs throughout the year, but volumes peak during the two months prior to the annual Hajj festival. All Sudanese exports of live sheep and mutton are to Saudi Arabia.

Both live and slaughtered sheep exports increased from 1999 to 2003-2004 and began to decrease from 2005 to 2009. Sudan's declining and fluctuating market share is partly because of competition from alternative suppliers, but mainly it arises from problems within the marketing chain for mutton and goat meat. Lack of expertise in meat processing, handling and packing has contributed to the decline in the slaughtered sheep exports. Building capacity in meat processing technology would contribute towards the future growth of the sheep and livestock industry.¹²

The sheep market segments

The sheep market can be segmented into two broad categories: the domestic market and the export market. The export market has three segments: the live sheep market segment and the slaughtered sheep market segment and the mutton segment. The live sheep market segment is further divided into two sub segments; the large weight live sheep (45kg) and the Hajj religious type weight (35kg).

1. The Hajj type live sheep market segment

Live sheep of about 35kg live weight are preferred for the Muslim religious Hajj festivals. During this festival each household couple or family slaughters a sheep. The Hajj festival lasts for a month and varies every year according to the Arabic calendar. The Hajj festival is the peak of live sheep sales. The main suppliers of this market segment are Kassala and Gedarif.

2. The slaughtered export sheep market segment

Sheep meat exports to the Middle East from different countries have historically been in the form of frozen carcasses. With improvements in technology, the market now expects chilled lamb cuts and carcasses for the growing food industry, restaurants, and retail sectors. The trend in the market is growing in the slaughtered sheep. There is a definite preference for Sudanese breeds of sheep meat in the Middle East markets, especially in Saudi Arabia. The supply for this type of sheep is mainly from North and West Kodorfan states. In the three market segments, the Middle East markets have a definite preference for the Sudanese Desert sheep, which are fed on natural grazing. This means that Sudan has a niche market in Saudi Arabia, which should be maximised.

3. The local slaughtered sheep market segment

It should be noted that the same level of demand for live sheep and slaughtered sheep in Saudi Arabia is experienced in Sudan during the same religious festivals. The local demand for sheep meat and slaughtered sheep is 50:50 to the export market demand. About 50% of sheep produced in

¹² Ibrahim, A. (2004). Sudanese livestock export marketing and competitiveness. Unpublished report submitted to the Ministry of Agriculture and Forestry for FAO and WTO.

Darfur are consumed in these states while the other 50% is transported to Khartoum and for the export market. Most people in Sudan prefer mutton to any other type of meat.

Market trends and consumer preferences

Demand for meat in the Middle East, especially in the Saudi market, has increased rapidly, propelled by rising income levels, population growth, urbanization and growth in the food service sector from increased investment in tourism. Demand for food quality and safety assurance has also been increasing, and these countries are increasingly implementing Sanitary and Phytosanitary (SPS) regulations.¹³ This consumer and market trend should be closely monitored as it gives indications of the direction of development that Sudan should take in its livestock industry. Development of high quality slaughtering facilities should be prioritised in the sheep value chain. Such developments will ensure that Sudan maintains a leading role in the sheep market in Saudi Arabia. About 70% of grocery sales in Saudi Arabia are currently handled by the modern retail sector. Meat products (fish, meat and poultry) constitute over 30% of products purchased by food service operators in the Middle East. The global Halal market is worth around US\$ 2.1 trillion p.a. and is growing at the rate of \$500 million p.a.¹⁴

Quality indicators at producer level

In Sudan, farmers sell their sheep to meet their urgent financial needs, not because the sheep have reached the selling age or weight, or demand factors. This is partly due to lack of market information or training in business and livestock management. Animal and carcass characteristics in terms of health, quality, safety, consumer preferences, and other criteria required by importers are well known to traders and exporters but not so much by the farmers. There are three different qualities of live sheep differentiated by breed (or type, as scientific classification of breed is often absent but animals have local names recognized in the Saudi market), live and carcass weight, and best quality sheep meat is defined by carcass weight, fatness and compulsory Halal slaughter.

Sheep Skins and hides

The production of hides is at 8 million per year of sheepskins. 50% of these are exported and 50% are used in the domestic market. The major export traders for skins are traders and agents in Omdurman. The traders and agents from the states collect the skins and bring them to Omdurman for exportation to Saudi Arabia, China, Hong Kong, Spain, German, Pakistan and India. Processing the skins improves their income. The major constraints in the skin and hide industry are; low prices per unit, lack of an organised collection system from the producers, high tanning costs, high skin defects, lack of finance, high taxes and failure to produce high quality leather.

2.1.3 INITIAL MARKET ANALYSIS FOR THE GROUNDNUT MARKET/INDUSTRY

Groundnut composition and uses

Groundnut is one of the most important crops in Sudan especially in Jazeera and Gedaref states. Groundnut is a valuable food source and contains on an average 40.1 % fat and 25.3 % protein. It is a rich source of these vital nutrients; calcium, iron and vitamin B complex like thiamine, riboflavin, niacin and vitamin A. Every part of the groundnut is of commercial value. It has multiple usages: It is

¹³ Source: www.sudanvisiondaily.com

¹⁴ Source: www.aciltasman.com.au

used mostly as a major cooking medium for different food items, but also for manufacture of soaps, cosmetics, shaving creams and lubricants.¹⁵ In Sudan, groundnuts are used for the groundnut oil, which is used for cooking and peanut butter, which is used in various Sudanese dishes and salads.

The groundnut by-products

Groundnut shells are the leftovers from shelling the nuts before pressing. These shells are used in brick making and are sold for 5 SDG/bag (0.9 USD/bag). The straw is used as a nutrient- rich animal feed especially in the dry season. After harvest it is dried and stored. It is sold for 5 SDG/bag (0.9 USD/bag). Groundnut is a very important leguminous crop in crop rotation, as it synthesises atmospheric nitrogen and adds 100-120 kg/ha of nitrogen per season.¹⁶ It maintains the fertility of soil and helps in reducing soil erosion. This means that growing and promoting groundnut makes a positive contribution to the environment.

Productivity and competitiveness

In terms of productivity per hectare, USA ranked first with a yield of 3,540 kg/ha, followed by China at 2,624 kg/ha, Argentina at 2,018kg/ha, and Indonesia at 2,016kg/ha. Of the 14 top groundnut-producing countries, Sudan ranked last at 632kg/ha.¹⁷ This is 5.6 times less productivity per ha than USA. This means that groundnut productivity levels are very low in Sudan. Sudan requires 5.6 or 6 times more cultivated land to produce the same amount of groundnuts as the USA. This also means that it is difficult for Sudan to be competitive on world markets on groundnuts unless serious measures are taken to improve productivity levels. Measures to improve yield per hectare include:

1. Training and capacity building at farmer or producer level
2. Capacity building at agricultural extension levels
3. Improved varieties which suit Sudan's dry conditions
4. Proper land preparation methods and training
5. Proper soil fertilisation whether organic or conventional

Another major limitation to Sudan's groundnut productivity per hectare is the dry climatic conditions of most of the country. In this case short season varieties are required to militate against these conditions and still be competitive on the world markets. The potential to improve Sudan's groundnut productivity exists and it must be exploited by addressing the limitations.

International consumer preferences and trends

Groundnuts are grown for two very different markets, for confectionary and for oil extraction, and the qualities required are markedly different. For confectionary use, cultivars producing a relatively low-oil nut with high protein and sugar contents are preferred. Nuts for oil extraction on the other hand, should have high oil content. The oil is primarily used for cooking, but it is also used in some cosmetics. Its major component fatty acids are palmitic acid, oleic acid, and linoleic acid.

The local demand and market trends for groundnut oil in Sudan

Groundnut oil is thinly traded in international markets, because the major producers like China, India and the United States of America consume substantial amounts in their domestic markets. This national use reduces the quantities available for export. In the 1960s and 1970s, groundnut oil was

¹⁵ Rama Rao *et al.* (2000)

¹⁶ Rama Rao *et al.* (2000)

¹⁷ Handbook on Grading of Food-grains and Oilseeds, Agricultural Statistics in Various Journals and Reports

the major item traded, as edible groundnut trade was negligible. Since that period, the reverse has occurred. Edible groundnuts dominate world groundnut trade while groundnut oil is of minor importance. The export trade of oil in developing countries is concentrated in Senegal and Sudan. Most of the groundnut oil produced in Sudan is consumed in the domestic market - within the groundnut producing and neighbouring states. Only the surplus oil is exported.

Sudan local market analysis

The groundnut production industry in Sudan is analysed to assess how much is consumed locally and to assess the size of the local market and the market segments. Groundnut production in Sudan is increasing since 2005. The traditional sector contributes more than the irrigated sector. Most of groundnut produced from the Jazeera state is irrigated while from Gedaref the crop is rain-fed.

Sudan is a net importer of groundnuts

To complete the analysis production, export and import data was computed to get the local groundnut consumption in Sudan. The results in table below show that Sudan is a net importer of groundnuts. The local consumption exceeds the production levels. This analysis shows that the local demand for groundnut and groundnut products is higher than the supply levels. Even though Sudan exports some of its groundnuts, it has a net deficit of groundnuts. This means that the scope to increase groundnut production is huge in Sudan both for the export market and for the local market.

Table 3: Sudan groundnut production, exports, imports and Local consumption in 000 MT.

Year	Production (MT)	Exports (MT)	% Export	Import (MT)	% Import	Local consumption (MT)
2006	558	0.2	0.04	4.9	0.88	562.7
2007	564	3.43	0.61	16.55	2.93	577.12
2008	716	1.46	0.20	13.15	1.84	727.69

Source: Ministry of Agriculture and Fisheries unpublished data, 2010

The analysis shows four segments of which two are in the local market and the other two in the export market. From this analysis it is clear that the groundnut development effort should be focused more on the local market than on the export market. Oil production is for the local market and this area requires development to keep the demand high and increasing. Technology improvement and upgrading of oil pressing equipment is much needed in Darfur. The export market is currently insignificant but should be looked at as an opportunity for market growth.

2.1.4 INITIAL MARKET ANALYSIS FOR VEGETABLES FROM KASSALA

Kassala is one of the 25 states in Sudan located in the eastern part of the country. Kassala state is the most important area of horticultural production in the Sudan, and is first place in the horticultural export between different states. Most of the horticulture products are sold in other states of Sudan through interstate trade, and the rest is exported through Port Sudan to the Arab States. It is well known that the market of the horticultural products depends on open competition among a large number of countries and regions and to test the competition it must take into account quality factors, low cost, sustainability, satisfy consumer desires, and features additional preferential help in passing the international competition and regionalism. Climatic conditions for producing horticultural crops are ideal all year round. There are fertile soils and abundant water supply in the

state of Kassala. Supporting services including electricity, paved roads, health services and communication are available.¹⁸

Around Kassala city, making use of the warm climate and fertile soils, horticulture with pumping irrigation is widespread, producing vegetables such as onion, tomato and okra, and citrus such as orange and grapefruit, as well as banana and mango. Although Kassala is located in an arid area with an average annual rainfall of 300 - 400 mm, such diversity of farming has developed owing to the two rivers that flow vertically through the state called the Gash River and Atbarah River. As a result of this, Kassala has developed horticulture producing citrus fruits and vegetables. Thousands of hectares of flood irrigated agricultural lands have been reclaimed, managing aqueducts to cope with excess floodwater.¹⁹

Most of the horticultural products grown in these areas are tomatoes, cucumber, green pepper, pigeon peas, and fodder grass. These horticultural products are in high demand and fetch good prices because other states in Sudan are dry and are not able to produce these products throughout the year as Kassala.²⁰

2.2 POTENTIAL MARKET OPPORTUNITIES AND CONSTRAINTS

Eastern Sudan suffers from marginalization, underdevelopment and economic inequities. The region is also plagued with issues of lack of basic services, employment opportunities and some of the worst MDG indicators in the whole of Sudan. The health crisis and lack of access to economic opportunities, especially among women and youth, are endemic. Disasters, caused by frequent droughts and severe environmental degradation have been responsible for the increasing impoverishment of people, depletion of assets and depopulation of the rural areas. The overwhelming majority of hired agricultural labourers is highly disadvantaged and suffers from a lack of access to basic services. Additionally, the consequence of the protracted refugee situation has generated many outstanding issues particularly in the host communities where services are worse compared to those in the refugee camps.²¹

In a livelihoods assessment carried out by UNHCR for East Sudan in Closed Refugee Camps, Gedarif State, the following constraints appeared:²²

1. **Low literacy levels:** The three camps where the study was done, Um Gulja, Abu Rakham and Um Rakoba closed refugee camps are generally similar in the peaceful coexistence between refugees and the host community, heavy dependence on agriculture and informal sector activities, and low human development indicators. Differences that exist are only in degree and on that base it can be said that Abu Rakham is relatively better than the other two camps in terms of livelihood and social services.
2. **Limited livestock ownership levels:** Livestock ownership is limited among refugees and host communities across the camps. Over 50% of refugee and host community households claim not to own any animals. 16%-42% of the refugee households and 24%-52% of the host

¹⁸ Source: www.kuwait-fund.org/eastsudanconference/index.php?option

¹⁹ Source: www.koushu.co.jp/AAI_E/NewsE/News73-1-E.pdf

²⁰ Source: neareast.fao.org/Pages/BestPracticeDetails.aspx?

²¹ UNDP-UNHCR Joint Programme (2012). Transition Solutions Initiative – For Refugees and their communities in Eastern Sudan.

²² UNHCR Kassala Sub- Office (2013). Needs and Livelihoods Assessment in Closed Refugee Camps, Gedarif State.

communities own animals. Only 4%-27% of refugee households and 11.5%-38% of the host communities possess sheep and goats.

3. **Limited access to land and machinery:** Access to land and agricultural machinery is a limiting factor to all refugees and most members of the host community. 65%-80% of refugee households and 28%-56% of the host communities do not own or have sustainable access to agricultural land.²³
4. **High unemployment levels:** Unemployment is high among youths of both refugee and host communities in all three camps (Um Gulja, Abu Rakham and Um Rakoba closed refugee camps) as a result of their relative isolation and/or poor skills, employment options and hence income sources are limited and income levels are low. The situation is worse for refugees who have limited access to agricultural land and do not have work permits and are restricted because of the IDs and work permit issues, especially during the long slack season.

Livelihoods investment opportunities range across:²⁴

1. Agriculture,
2. Crop production
3. Horticulture
4. Livestock production
5. Fisheries,
6. Mining,
7. Microfinance projects
8. Oil and gas field services,
9. Real estate,
10. Energy and
11. Tourism.

The main livelihoods strategies are the following:²⁵

- Agriculture and agricultural labour are the main sources of livelihood for the majority of both population groups but production is generally low, traditional methods of production and subsistence farming dominates, and there is seasonal rain-fed crop production. In addition, there is large vulnerability of the agro-based livelihoods.
- The rest of the economy depends on skilled labour, salaried jobs, small trade and sale of animal products.

From earlier livelihood assessments by UNHCR, it appeared that agriculture is the main source of livelihoods for both refugees and their host communities. The four main economic activities and sources of income at household level are:²⁶

- Crop production,
- Animal production,

²³ Although this was quoted from the UNHCR Needs and Livelihoods Assessment 2013, UNHCR commented that "Refugees do not own land but have access. According to the Asylum Act section 12 (2) Any refugee shall not own land or real property in the Sudan save in accordance with the laws in force. The government through COR however, allocated land to refugees for use in Um Gargour and Abuda camps. However, the refugees still do not own the land allocated to them."

²⁴ The International Donors and Investors Conference For Eastern Sudan, Kuwait, 01-02 December 2010

²⁵ UNDP-UNHCR Joint Programme (2012). Transition Solutions Initiative. For Refugees and their communities in Eastern Sudan.

²⁶ UNHCR Kassala Sub- Office (2013). Needs and Livelihoods Assessment in Closed Refugee Camps, Gedarif State.

- Small business and
- Casual labour- major opportunities (farm labour)

2.3 GOVERNMENT POLICIES AND PLANS AND HOW THEY AFFECT THE LOCAL MARKETS

2.3.1 LOCAL GOVERNMENT AND NATIONAL POLICIES

The Five-Year National Development Plan (2012 – 2016) is the major development framework for the country. It takes into account the situation resulting from independence of South Sudan, and replaces the earlier National Development Plan (2007 – 2011).

Its key principles entail cooperation between the government and the development partners: institutional development and human capacity strengthening; sectorial approach instead of geographic focus areas as a driving modality for programmes; participation of civil society and non-Government stakeholder in the development process; use of the national capacity in programme implementation; aid coordination. It focuses on the priority areas of: governance and administration; building institutional capacity; economic growth and sustainable development; social development and culture; and consolidation of the value system

It stipulates specific measures for consolidating peace like upholding the rule of law, restructuring and decentralisation of government, administration, and civil service. The fair distribution of powers and resources at central, state and local levels is expected to achieve macro-economic stability by diversifying the economy and making up for the loss of oil revenue, reducing internal and external debt, and encouraging private investment. Another priority measure is poverty reduction addressed through reforming education, promoting technological innovations and scientific research and combating environmental degradation and impacts of climate change.

The overall policy framework for development in eastern Sudan is the Eastern Sudan Peace Agreement (ESPA) and the programme “Sustainable Options for Livelihood Security in Eastern Sudan” (SOLSES). The Eastern Sudan Reconstruction and Development Fund (ESRDF) is the instrument to realise the policy. It plans and allocates development resources based on proposals submitted at the 2010 International Donors and Investors Conference for East Sudan.

In the three Eastern States, the instrument to implement policies and strategies of balanced decentralization is the State Strategic Development Plan. The Plans aim at changing the previous modality of allocations of resources at state-level whereby resources targeted for pro-poor activities were mostly spent for general public services (wages and salaries). On average, the 30% of the resources were utilised for general public expenditures; 5% for agriculture, 20% State infrastructure (roads, bridges, electricity, and water), and the remainder for health and education.

The authorities in the three States have prepared these plans with the support of UNDP that has conducted the respective situation analyses. They comprise an analytical framework addressing four main outcomes: peace building; governance and rule of law; livelihoods and the productive sector; basic service provision.

The Gedaref development plan aims at achieving an integrated and balanced geographical and sectoral development of the state and improving social and economic conditions in line with the MDGs. The strategy does not contain special provisions regarding the IDPs or refugees. Its five main areas of intervention are: provision of clean drinking water; improvement of health services in rural areas; increase in primary education enrolment; improved access to markets; and the establishment of social and cultural centres.

The overall vision of the Kassala State Strategic Plan 2007-2011 is to create “a state where Kassala’s people and in particular the war-affected, vulnerable and poor enjoy security, access to basic social services and decent means of livelihoods within a just, inclusive and equitable governance”. The plan focuses on: basic social services, livelihoods, governance, environment and the attainment of the MDGs targets. The plan acknowledges the challenges presented by the large number of IDPs and refugees in the state but no particular measures are proposed in this respect.

Locality Development Plans (2012-2016) for Girba and Fashaga localities have been developed with the support of TSI. The Local Development Fund is the mechanism to support investment in local public infrastructure and service delivery.

On a national level, the government has prepared an Interim Poverty Reduction Strategy Paper in 2011 to address the challenges of poverty and to meet the requirements of accessing debt relief. The situation analysis shows that a narrow production base of low skilled labour force, is compounded with limited employment opportunities in the industrial sector for a small share of the workforce and with macroeconomic policies that left an highly overvalued real exchange rate, rising inflation and decreasing purchasing power of the Sudanese Pound (SDG).

The available statistics on the economic performance of Sudan showed a drop in GDP growth from 3.5% in 2010 to -3.3% in 2011²⁷. This situation is explained by the reduction of the population by about 20% and oil revenues by 75% after the independence of South Sudan. Sudan’s GDP growth was estimated at -10.1% in 2012.

The reported total number of those employed in Sudan was 6,677,410 in the 2008 census, with strong gender disparities. Of this total, 34.1% were in the urban sector, 54.5% were in rural areas and 11.4% were nomads. Men represented 76.1% of those employed, and women only 23.9%. The ratio of employed to population aged 15-59 was reported at 39.5%. The unemployment rate among ages 15-59 stood at a high 17%, but youth unemployment (ages 15-24) was even higher, at 25.4%.

Data from the Labour Force survey of 2011²⁸ indicate that the majority of Sudanese men are employed in the service sector (44.5%), followed by agriculture (39.8%) and industry (15.7%). Similarly, the majority of Sudanese women are employed in the agricultural sector (60.7%), followed by the service sector (35.5%) and industry (3.8%). It also shows that Sudan’s high population growth rate brought about a high proportion of youth of working age at a time of low job creation.

At the same time, HR composition shows that, although schooling and literacy rates have

27 The World Bank 2013 Doing Business Report.

28 SLFS 2011. Draft Report.

substantially increased, out of a population of over six million 10-17 year-olds in northern Sudan, one in six, or close to one million, never attended school in 2010²⁹. Moreover, the Fifth Population Census Data highlights wide disparities in educational enrolment between males and females. According to the Central Bureau of Statistics³⁰ 46.6% of the Sudanese population is considered poor. The majority of Sudanese economically active population or workers were medium and low skilled (86%; 88%) and the minority (14%; 12%) were high skilled in 2004 and 2008 respectively³¹.

In Sudan, as a result of the absence of a coherent education policy, including strategies for formal and non-formal TVET and informal Skills Development sub-systems, the share of formal TVET within overall education and training has been shrinking. It is acknowledged that a common vision of where the country's human resource development system is going and what the country's stakeholders would like to achieve over the medium to longer term is not yet agreed upon. A broad national framework for skills development, encompassing TVET in the formal sector, the informal apprenticeship system, and other systems involved in human resource development is still under preparation.³²

In the two states where the assessment was conducted, the TVET and Skills development authorities confirmed that the distinction between Technical Education and Vocational Training, including who is responsible for its provision is not fully settled. In particular, technical schools report to the State Ministries of Education (3 years programmes following 8 years of primary education), and the technical colleges (for graduates of technical or academic secondary schools) are supervised by the National Council for Technical and Technological Education (NCTTE). The Federal Ministry of Education is responsible for the curriculum, teachers, training, final examination, and certification and the State Ministry of Education is responsible for the administrative and financial matters. The public institutions available in the two states are:

Table 4: Public Institutions in Jazeera and Gedaref State.

Jazeera State			
No	Name of institution	Affiliation	Trades
1	Wad Madani	Technical School SMOE	Maintenance, fitting, machining; automotive; electrical, welding;
2	Al Hasaheissa	Technical School SMOE	Maintenance, fitting, machining; automotive; electrical, welding;
3	Masaad	VTC FMOA	Maintenance, fitting, machining; automotive; electrical, welding;
4	Tambol Artisan Institute	SMOE	Electrical, welding; tailoring; food processing;
5	Al Masallamia Youth Training Centre	SMOY	Welding; tailoring; food processing;
Gedaref State			
No	Name of institution	Affiliation	Trades

29 Interim Poverty Reduction Strategy Paper (2011)

30 CBS 2009 baseline household survey.

31 S. Mohamed Nour. 2012. Technological Change and Skill Development in Sudan.

32 ILO, Skills development in Sudan, the formal and informal reality, Thematic/ Policy Paper. Khartoum 2013

1	Al Gedaref Technical School	SOME (State Ministry of Education)	Maintenance, fitting, machining; automotive; electrical, welding;
2	Al Gadaref Artisan Institute	SMOE	Electrical, welding; tailoring; food processing;
3	Al Showak Artisan Institute	SMOE	Electrical, welding;
4	Al Hawata Artisan Institute	SMOE	Electrical, welding
5	Al Rahad Artisan Institute	SMOY	Electrical, welding;

Source: The National Council for Technical and Technological Education - 2012

In terms of labour market demand for jobs and related skills shortages, the stakeholders and key informants substantially confirmed the indications provided in the labour market assessment conducted by TSI³³. For instance, in Jazeera state, as the third most populated state (12% of total population) after Khartoum and South Darfur and the predominantly agricultural, authorities indicated that demand for qualified crafts persons operating in the maintenance of the mainframe systems ensuring regular supply of water and electricity to a significant number of rural and urban areas, are not satisfied. In Gadaref, (4% of total population) where sorghum and sesame are widely grown in rain-fed mechanized farming schemes in which a large number of machinery is used, qualified workers in maintenance, fitting, machining are in demand.

The public TVET institutions in the two states, to a different extent, continue to supply the standard training offer entailing:

- Apprenticeship (pre-employment program in 13 trades directed to youth who have successfully completed the 8-year basic education),
- Short courses (accelerated 3 month pre-employment courses for school dropouts and out of school youth),
- Skill up grading (3-5 months or even shorter courses for employed public and private sector workers).
- Trade testing (to certify the skills of workers acquired through traditional or informal vocational training)³⁴
- Other line state or federal ministries e.g. Youth, Social Affairs, the Ministry of Transport, sustain small numbers of vocational training centres or artisan institutes focusing largely on short courses and tailor-made courses.

Originally designed to support the development of skills for the formal sector, the TVET system carries out this function with a questionable effectiveness. Moreover, the polarization of employment (60% of the labour force is in subsistence agriculture or pastoral activity) and the rising proportion of youth engaged in child labour (13% of children aged 5 to 14 in employment)³⁵ confirm the growing proportion of the total labour force engaged in the informal economy.

Small enterprises (SE) are considered as a viable mode of creating jobs introducing a more equitable income distribution and linking agricultural and industries. A key component for supporting self-employment and micro-small enterprises is skills development, particularly through the informal

³³ Elasima (2012). Labour Market Assessment in Gedaref and Kassala States, done for UNHCR. ERDP Eastern Recovery and Development Programme, Sudan

³⁴ The Supreme Council for Vocational Training (SCVTA) and Apprenticeship under the Ministry of Labour, is mandated by the Vocational Training and Apprenticeship Act (2001) to undertake trade testing. Article (6), item (j)

³⁵ ILO, Good practices in tackling child labour through education - Selected examples from the IPEC TACKLE Project, Geneva, 2013

apprenticeship system.

TSI could contribute to respond to the skills shortage in the informal sector to which many of the refugees and host communities' endeavours belong, through the provision of continuous training. There are some best practices and donors' initiatives TSI could look at for further strengthen the offer of training services to its target beneficiaries, like:

- The ILO has conducted a research on informal apprenticeship to identify ways to improve the effectiveness of the system and link it to formal TVET.
- KOICA is targeting the establishment of Al Basheer Agricultural VTC at Medani the capital of Gezira State.
- The Saudi Development Fund has granted two million USD, as a foreign component for the establishment of VTCs in South Kordofan and Blue Nile (Damazine).
- JICA works with the SCVTA on a longer apprenticeship programme of than the one in place.
- The National Sudanese Youth Union has established mobile stations to train informal entrepreneurs in the fields of car maintenance, metal works and carpentry.
- The Turkish Dyeing Co. in the industrial zone in North Khartoum has provides informal training to household businesses (HHBs) in the company value chain.
- The Ministry of Social Welfare (MSW) and the Sudanese Businessmen and Employers Federation implement the "Start Your Project" initiative to retrain graduates on designing and implementing projects funded by microfinance institutions

A comprehensive private sector development policy geared towards creating a more enabling environment for SME growth is still absent. The total number of micro, small and medium enterprises in Sudan is about 600,000 registered enterprises in addition to the enterprises in the informal economy. The microenterprises represent 75%, small enterprises represent 23% and medium enterprises represent only 2%.

Informality and its integration into recognized economic frameworks is one of the challenges of Sudan socio-economic development that concern all the segment of the population in urban and rural areas and it has a direct impact on the integration effort pursued by the TSI project.

Estimates of informal employment in Sudan revealed that the total number of people engaged in the informal sector represents about 25% of total employment. "In the absence of unemployment insurance and declining jobs in the formal sector, many of the unemployed end up in the informal sector where productivity and wages are very low. The informal sector accounts for 60% of national income, but over 90% of income and employment in rural areas. In contrast, 90% of large scale firms are concentrated in the capital, Khartoum."³⁶

The informal enterprises are confronted with internal challenges (limited human capital, lack of working capital and the use of obsolete technology) and external factors that hinder their functioning (lack of access to microfinance, social and business security insurance services, Business Development Services).

TSI could link with the available governmental and non-governmental support mechanisms to integrate informal enterprises into formal economic frameworks. The following matrix shows the main institutions that provide direct or indirect facilitation to business start-ups.

Partnerships with these institutions can provide TSI with a strong platform for financial, non-

36 Sudan. 2012. The African Economic Outlook.

financial, organizational, representational and business development services that can help self-employment, House Holds Business (HHB) initiatives and MSMEs by the refugees/host communities existing as well as new start-ups to access and maintain a certain level of formal activity and hence become economically more viable. An indicative, not exhaustive, map of BDS for MSEs is provided in the following table:

Table 5: Small business development services.

MAP of small business development services by institutions and programmes		
No.	Name of Institution	Area of Support
1	National Fund for graduates employment (MHRDL)	Microfinance. Entrepreneurial training. Market needs surveys
2	Sudan National Bank	Policies & supervision for microfinance
3	National Credit Bank	Microfinance
4	National Workers Bank	Microfinance
5	Family Bank	Microfinance
6	Sudanese Rural Development Corporation	Microfinance for rural poor & non-financial services
7	National Sudanese Youth Union	Microfinance Training and Employment
8	Localities	Registration/licensing/management /supervision of public markets. Tendering for public utilities
9	Cooperative Associations –Ministry of Trade	Cooperatives establishment and training at National Centre for Cooperative Training
10	SMEs Unit, The Ministry of Industry	Industrial activities and exhibitions. SMEs promotion strategies. Studies on industrial clusters and SMEs incubators
11	Social Development Foundation	PRS implementing body and micro-finance
12	Federation of Industrial Chambers	Lobbying and advocacy. Subcontracting among SMEs. Technology transfer
13	The Sudanese Employers Federation	Lobbying and advocacy. MSEs training, promotion, exhibitions, innovation and involvement in public tenders
14	Sudanese Women General Union	Microfinance. Training for women HHB start up. Promoting traditional artisanship
15	Sudanese Workers Trade Union Federation (SWTUF)	Self-employment promotion. Retraining
16	The National Training Council	Training policies. Training of Trainer (ToT) programmes. Licensing private management training institutions.
17	Supreme Council of the Technical and Technological Education	Supervision of technical and technological education institutions
18	Management Development Centre	Management training
19	Commercial Registration Department	Registering the enterprises that want to obtain a trade name & logo.
20	Leather Incubator – Sudan University for Science & Technology	Technical training and incubation for leather manufacturing small businesses.
21	Private Sector Training Institutions (Vocational – Entrepreneurial)	Entrepreneurial and technical ToT programmes

For example the cost of becoming a member in a representative organisation or federation of small enterprises (Federation of Chambers of Small Industries) that employ less than 10 workers, registration fees are only SDG 36 per year (USD 6).

Membership in the Sudanese Youth Union that provides support on business start up with training, retraining, and microfinance, would cost SDG 10 (USD 1.8) per year. The registration fees of the Commercial Registration Department for enterprises with issued capital of SDG 50000.00 (USD 8834) that wish to have a trade official enterprise name is SDG 125.00 (USD 22) for registration. The annual membership fee at the Sudanese Women General Union is only SDG 1 per year (USD 0.2).

There are other obstacles that hinder informal enterprises from formalization like: 13 procedures and 36 days for starting a business (6 procedures and 7 days in the case of Egypt and 5 procedures and 19 days in the case of South Africa); or, on average, 42 tax payments a year, and total taxes amounting to 36.1% on profit; the difficulty to access microfinance demonstrated by the fact that Commercial banks should allocate 12% of the outstanding portfolio to “micro-finance” and, yet, the utilization of available microfinance opportunities does not exceed 5%.³⁸

TSI could consider establishing a credit guarantee mechanism for MSEs to expand the outreach of its MF component and exempt the new businesses from the burden of up to 25 collaterals. It could also encourage and reward public officers in the localities to assist the new entrepreneurs in complying with regulations and stabilise their relationship with the municipalities.

There is a renewed attention both at central and state level, to the development of a policy for social enterprises, particularly on revamping the cooperative movement and establishing cooperatives for the improvement of livelihoods in the rural / agricultural sector, including those of the IDPs in the border areas. It reflects a general attempt to overcome the negative perception about the capacity of the cooperative system to improve rural productivity while safeguarding their aspirations for individual property rights.

The Cooperative Law of 1999, that places cooperatives, under the authority of the Ministry of Trade and does not recognise them as independent, member-owned economic enterprises, is currently under review. The National Cooperative Federation estimates that there are at present 3332 primary cooperatives in Sudan with 4 to 8 million members. The number of agricultural cooperatives is assumed to be around 2000 with about 1 million members. The term “social economy” is not used in Sudan, however, cooperatives and other organisations (associations, foundations and Islamic charity-zakat chamber) are considered social enterprises and at the same time, part of the state apparatus.

The Sudanese Cooperative Law states that a cooperative can be established if it has at least 50 members. However, there have been cases in which the government exempted some groups from the registration fees to enable them to establish their cooperatives or accepted agricultural cooperatives with less than 25 members in Al Jazeera, Blue Nile and White Nile.³⁹

TSI could train and mobilize a group of cooperative extension workers (from the relevant government department) to help refugees and host communities establishing cooperatives and

37 ILO: The Informal Sector in Sudan: Current Situation and Prospects for Improvements Thematic/ Policy Paper. Khartoum 2013

38 ILO. Op.cit.

39 ILO. Op.cit.

undertake a series of cooperative management training programmes for the managers and board members of primary and secondary cooperatives.

2.3.2 REFUGEES

The refugees are under the responsibility of the Government of Sudan- Commissioner of Refugees and the United Nations High Commissioner for Refugees (UNHCR). Over the last four decades (late 1970s and early 1980s), East Sudan has received successive waves of refugees mainly from Eritrea (99%) and Ethiopia and to a lesser extent Somalia. In recent years, estimates of around 1,800 new asylum-seekers have been noted. However, since 2013 there has been a sustained monthly average of 600 asylum seekers.

The Government of Sudan does not officially promote the naturalization of refugees. Foreigners, which includes refugees who have continuously resided in Sudan for at least 10 years qualify for Sudanese nationality according to the Law. In practice this has not been applied to refugees on a collective basis. Refugees are issued with COR ID cards upon the successful refugee status determination procedures. Since 2014, COR and UNHCR are jointly undertaking the registration procedures. Initially COR also had their own records for reference before the joint registration.

The restriction on the freedom of movement (limited mobility), work permits and access to arable land make employment, access to markets and pursue sustainable livelihoods more difficult. Work permits in particular, are the essential precondition for refugees to legally work and enjoy the same rights at work as Sudanese citizens. The agreement signed in 2013 between UNHCR and Sudan's Commission for Refugees (COR), Kassala State, and Kassala Ministry of Finance, to issue 30,000 work permits to refugees in Sudan's Kassala state, is an unprecedented change in the policy for refugees. However, with the exception of only Kilo 26 camp were only 97 work permits were issued, the National Security (NISS) temporarily stopped the issuance of the work permit. Moreover, UNHCR and the Local authorities continue to work in addressing the issue.

3 FINDINGS ON LOCAL MARKET DYNAMICS

In this chapter, the main findings are presented on local market dynamics. It includes an overview of the most important commodities/markets, based on the responses provided by key stakeholders. This is followed by the findings from the quantitative market survey, for consumers (refugees and host communities), market vendors and service providers. Next, a list of products and services that is profitable and in demand is presented, followed by local market trends and factors affecting sellers and consumers. In the next section, an analysis of local consumers' preferences and purchasing trends is presented, focusing on the main markets: groundnuts, sorghum and vegetables.

3.1 OVERVIEW OF THE MOST IMPORTANT COMMODITIES/MARKETS

3.1.1 THE OUTCOMES OF THE VALIDATION WORKSHOPS

In each of the two states Gedaref and Jazeera, a wide range of key informants was interviewed. Meetings with the relevant stakeholders were arranged and attended. The Market Assessment aim, objectives, and purpose were highlighted and explained to the stakeholders. A stakeholder workshop was arranged and the process of commodity or market selection was explained. A very simple questionnaire with a list of all crops and livestock grown in Sudan was presented to them. Each respondent had to select the best three crops and the best three livestock from the list by ticking. In addition each respondent had to suggest other three viable markets, which can be developed. The results were computed and the best crop and livestock commodities were selected per state. After the selection, results were presented. Intense discussions were held and group discussions were facilitated on the commodities selected.

The key informants who attended the two stakeholder workshops were:

- 7 key informants attended workshop 1 in Gedaref - Animal Production Specialist, Ministry of Labour, Pastoralist Union representative, Microfinance Expert, Min of Animal Resources and Fisheries M&E Director, Refugee Camp Committee members.
- 9 key informants attended workshop 2 in Jazeera; 2 representatives refugee committee members of Fau5 Refugee camp; Rahad Scheme Project Manager, COR Coordinator for Fau5 refugee camp; SRC Coordinator Fau5, sheep trader, cattle trader.

3.1.2 MARKET OR COMMODITY SELECTION CRITERIA

The first step was that the workshop participants were guided to set some commodity or market selection criteria and this is what they came up with and agreed on (in order of importance); demand of the commodity, local and export market available, enabling business environment, profitability, impact on the poor, impact on food security, impact on refugees, agro-processing potential, impact on women, and product quality. These criteria were used for both stakeholder workshops in Gedaref and in Jazeera.

3.1.3 RECOMMENDED COMMODITIES/MARKETS TO DEVELOP

The validation workshops led to the following top three of livestock, crops and other markets to develop:

Table 6: Top three of livestock, crops and other markets to develop.

	Gedaref Stakeholder Workshop	Jazeera Stakeholder Workshop
Best Livestock Markets	1. Sheep 2. Cattle 3. Goats	1. Sheep 2. Goats 3. Cattle
Best Crops Markets	1. Sorghum 2. Sesame 3. Arabic Gum	1. Groundnuts 2. Sorghum 3. Sunflowers
Best Other Markets	1. Electricity provision 2. Mechanics auto & agro-machinery 3. Building and construction	1. Building and construction material, 2. Gas and gas cylinders 3. Dairy production, poultry, charcoal, and dates (all these to a lesser extent)
The best 3 markets to develop	1. Sheep 2. Sorghum 3. Electricity production & distribution generators	1. Sheep 2. Groundnuts 3. Building & construction material

The two stakeholder workshops had a consensus that sheep is the best commodity market to develop both in Gedaref and in Jazeera as shown in the table above. Labour is a crosscutting market in all the above in that each commodity market chosen requires labour. Thus the labour market is another market that needs to be developed in order for all these chosen markets to function. All the workshop participants agreed that the commodities they selected were suitable for both host communities and refugees. From the above qualitative findings the following are the recommended markets. These commodities will be the focus of further analysis below:

The recommended commodity/service markets to develop:

Agricultural markets

1. Sheep
2. Groundnuts
3. Sorghum

Service markets

1. Electricity supply
2. Building material supply
3. Labour market

3.1.4 RECOMMENDED COMMODITY/SERVICE MARKETS TO DEVELOP

3.1.4.1 THE SHEEP MARKET

For the livestock there was a consensus among respondents on sheep as the best commodity. A large proportion of the population in these two states are pastoralists who keep livestock and sheep. Sheep is one of the favourable livestock that pastoralists like to keep for a number of reasons. Selecting to develop the sheep market will assist in incorporating the pastoralists into the mainstream economy. Sheep are fast reproducers and fast growers, which reproduce twice a year and people can sell them very easily and raise some income for the household needs. The sheep prices are very good and the meat type is also very good. Lamb is exported to Khartoum, Port Sudan through to Saudi Arabia. There is a lot of scope to improve lamb production and the quality of the mutton and lamb to meet the export market requirements both in Jazeera and Gedaref.

3.1.4.2 CATTLE

Cattle play a very important role in the livelihoods of people in both Gedaref and Jazeera. They get milk from cattle and make cheese and other dairy products. They use cattle as draft power, for ploughing and for pulling carts. They also sell cattle for income generation. Cattle sales are not as high as sheep and goats sales, though. Some farmers own very large herds of cattle, and others have smaller herds. Sudan exports beef to the Gulf States, thus necessitating that cattle be added to the value chain analysis.

3.1.4.3 GROUNDNUTS

For Jazeera, there was a consensus from all the stakeholders on groundnuts as the best crop that meets the criteria required for the market assessment and value chain development. According to the key stakeholders interviews, groundnuts are the best cash crop, and are grown by a large proportion of the many local community population in Jazeera state under irrigation. Groundnuts have both a ready local market and an export market. The demand for groundnuts is far greater than the supply in Sudan and even on the international markets. Women are actively involved in groundnut production. In terms of income generation potential, groundnuts are grown chiefly for cash or income generation. Value addition in the groundnut value chain is possible at producer level by capacity building of farmers and assistance in marketing of produce and provision of microfinance credit facilities. One of the major advantages of groundnuts is the use of the crop residue for livestock feed. The crop residue fetches high prices comparable to the price of the unshelled nuts.

3.1.4.4 SORGHUM MARKET

Sorghum is a very important crop in both Jazeera and Gadaref. It is the staple food in these states and it is also a major source of income and a commodity in great demand in the host communities and refugee markets. Sorghum is grown almost everywhere in the two states and is predominantly rain-fed. That this is so was evident in that even though the study was carried out during the dry

season the team could see stacks of the sorghum crop residues around each homestead, kept for livestock feeding. This practice is also evidence of the agro-pastoral livelihoods.

3.1.4.5 ELECTRICITY SUPPLY

Electricity supply to host community and refugee households was identified during key informant interviews as a major constraint in Gedaref and there is high demand for the service. An entrepreneur who owns the electricity supply business requires a generator or generators from which he connects cables to the client's homestead. Then he fits in all the electrical materials like cables, lamps, and plug sockets. The capital investment into a generator is about 10 000 SDG (1766 USD) and the business can pay this back within one year.

3.1.4.6 BUILDING AND CONSTRUCTION MATERIALS SUPPLY

The stakeholder workshop participants in Jazeera identified supply of building materials as a major constraint in Jazeera refugee camps and host communities. The entrepreneur who owns such a business orders the required materials in bulk from suppliers in town. He brings the materials to a suitable location where his customers can access them easily, and he sells to them at a profit margin.

3.1.4.7 THE LABOUR MARKET

Labour is a crosscutting market in all the above in that each commodity market chosen requires labour. Thus the labour market is another market that needs to be developed in order for all these chosen markets to function. All the workshop participants agreed that the commodities they selected were suitable for both host communities and refugees.

3.2 FINDINGS FROM THE QUANTITATIVE SURVEY

In this section, the major findings from the market survey are presented, divided in consumers (refugees and host communities), market vendors and service providers. The random stratified sampling approach was chosen by the team to gain insight into the differences in market dynamics between the refugees and host community population. This information is essential in designing appropriate interventions focused on having the refugee population at the same economic level as the host communities. Therefore, the quantitative part of the market assessment was divided in four parts:

1. Consumer survey among refugees
2. Consumer survey among host communities
3. Market survey among market vendors
4. Market survey among service providers

First, the aggregated data for the two consumer surveys are presented, followed by the results of a cross tabulation exercise to compare data for refugees and host communities. After that, the data for the market vendor and service provider survey are presented, and finally crosstabs are presented again to compare these data for refugees and host communities.

3.2.1 FINDINGS FROM THE CONSUMER SURVEY AMONG REFUGEES

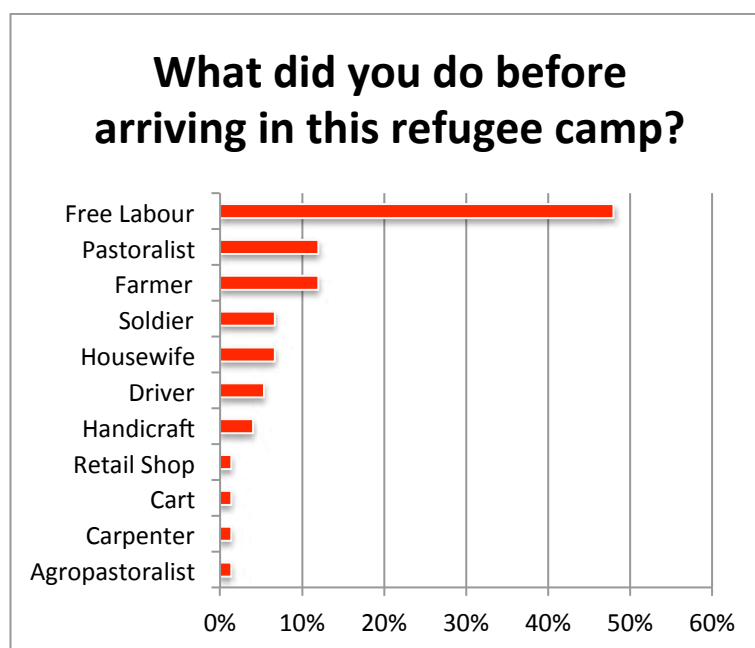
The survey started with a profiling of the refugees. It was found that, as expected, the large majority of refugees (90.4%) originate from Eritrea:

Table 7: Origin of refugees (n=125).

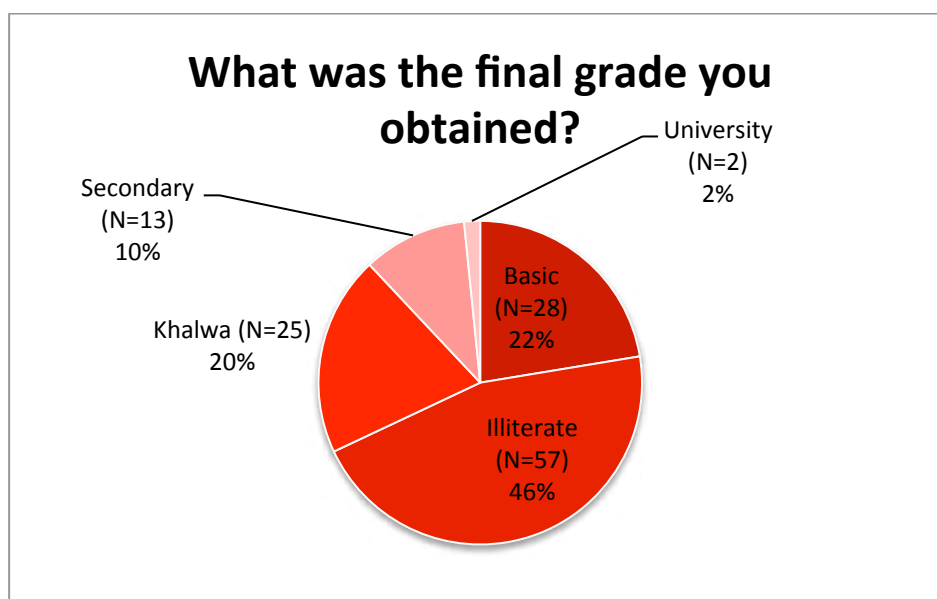
	Frequency	Percent
Sudan	7	5.6
Eritrea	113	90.4
Ethiopia	3	2.4
Other	2	1.6
TOTAL	125	100

Before arriving in the camp, the occupation and final degree obtained of refugees was as follows:

Graph 2: Occupation of refugees before arriving in camp (n=75).



Graph 3: Final grade obtained of refugees before arriving in camp (n=125)⁴⁰.



Out of 125 respondents, only 21 (17%) received any training during their stay in the camp. This consisted of training in the following occupations: Women Development Centre⁴¹, pastoralist, manufacturing, farmer, driver or baker.

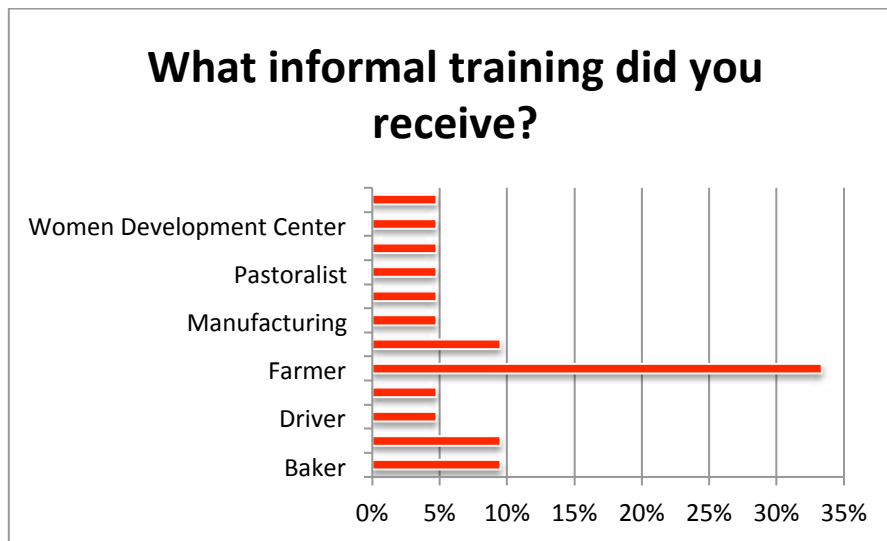
Table 8: Training received during stay in camp (n=124).

	Frequency	Percent
Yes	21	16.8
No	103	82.4
Total	124	100

⁴⁰ A Khalwa is a religious school in the Sudanese dialect of Arabic

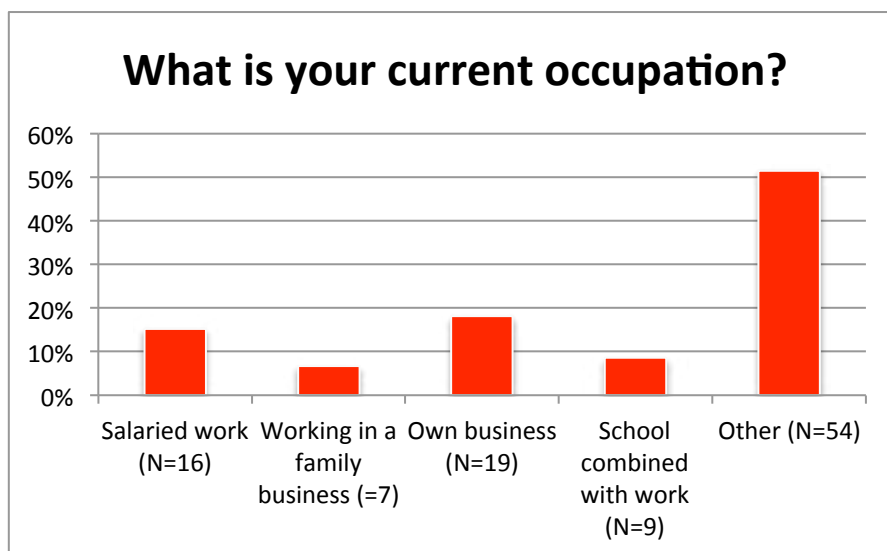
⁴¹ A Women Development Center is a training center that offers a range of different trainings e.g. Sewing, food processing, handicraft

Graph 4: Informal training received in camp (n=21).



The current occupation of refugees is as follows:⁴²

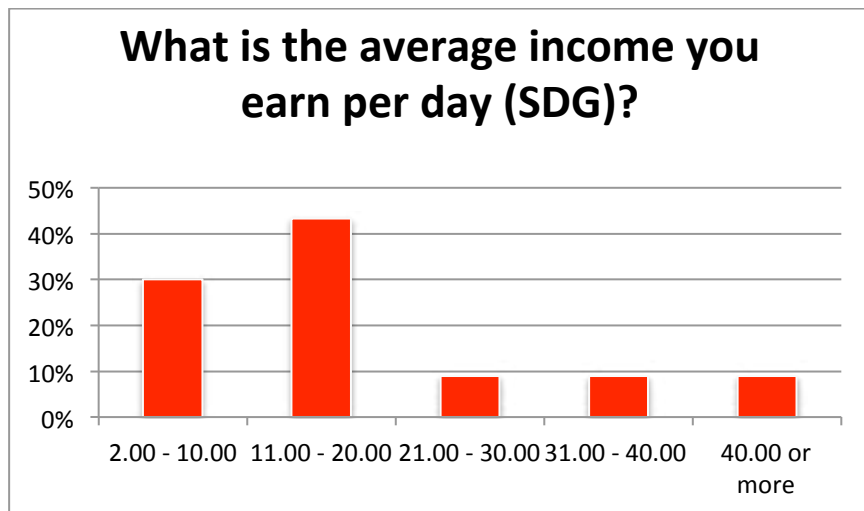
Graph 5: Current occupation of refugees (n=105).



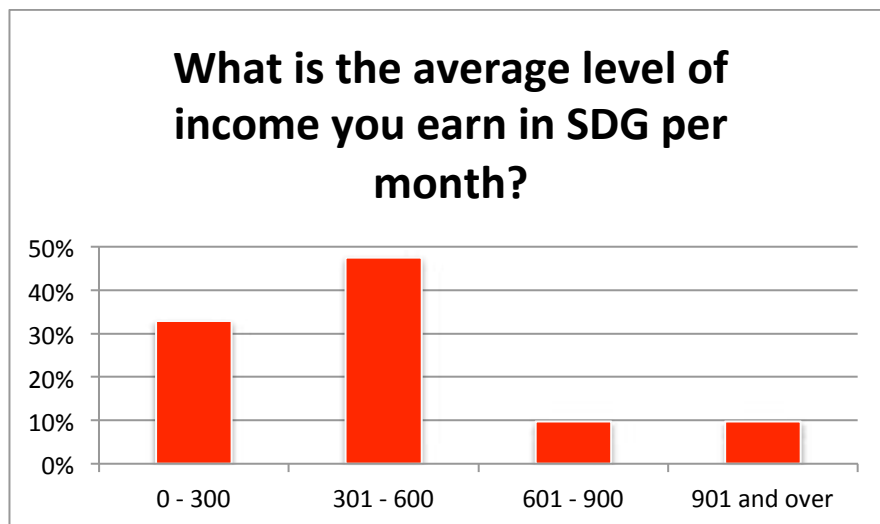
For refugees, the group with the highest income level per day is between 11 and 20 SDG (or between USD 2-3.5). The group with the highest income level per month is between 301 and 600 SDG (or between USD 53-106).

⁴² A majority of the respondents replied with “other” occupation without specifying what they were doing exactly.

Graph 6: Average income level per day of refugees (n=90).

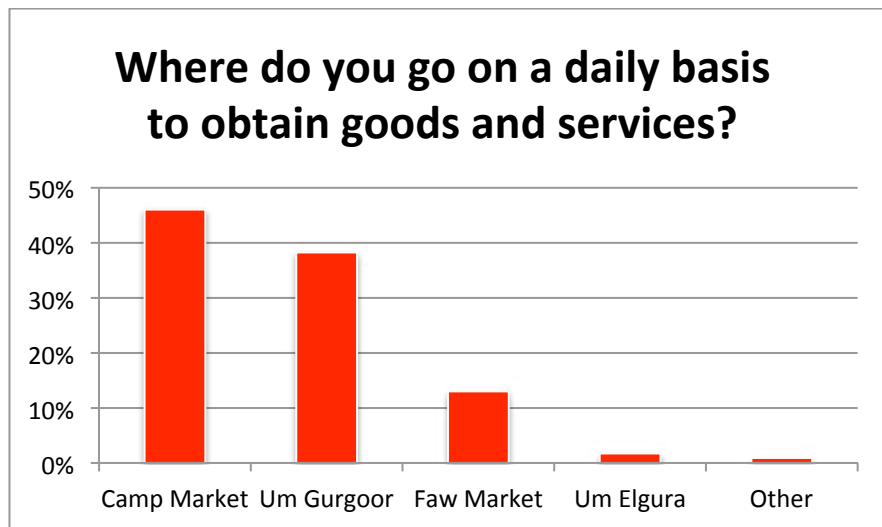


Graph 7: Average income level per month of refugees (n=82).



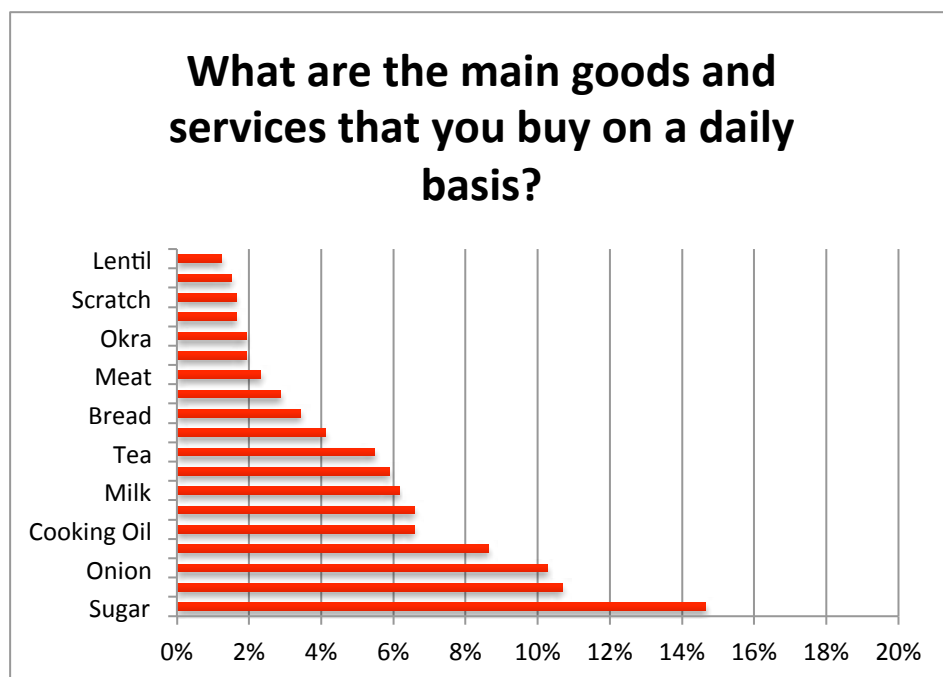
Refugees indicated that they go to the following markets to buy goods and services:

Graph 8: Markets that refugees visit to obtain goods and services (n=115).



Based on a total response of 730 respondents, the 10 main goods that refugees buy in the market are:

Graph 9: Main goods and services bought by refugees on a daily basis (n=730)⁴³.



Refugees are relatively satisfied about what they can find in the market:

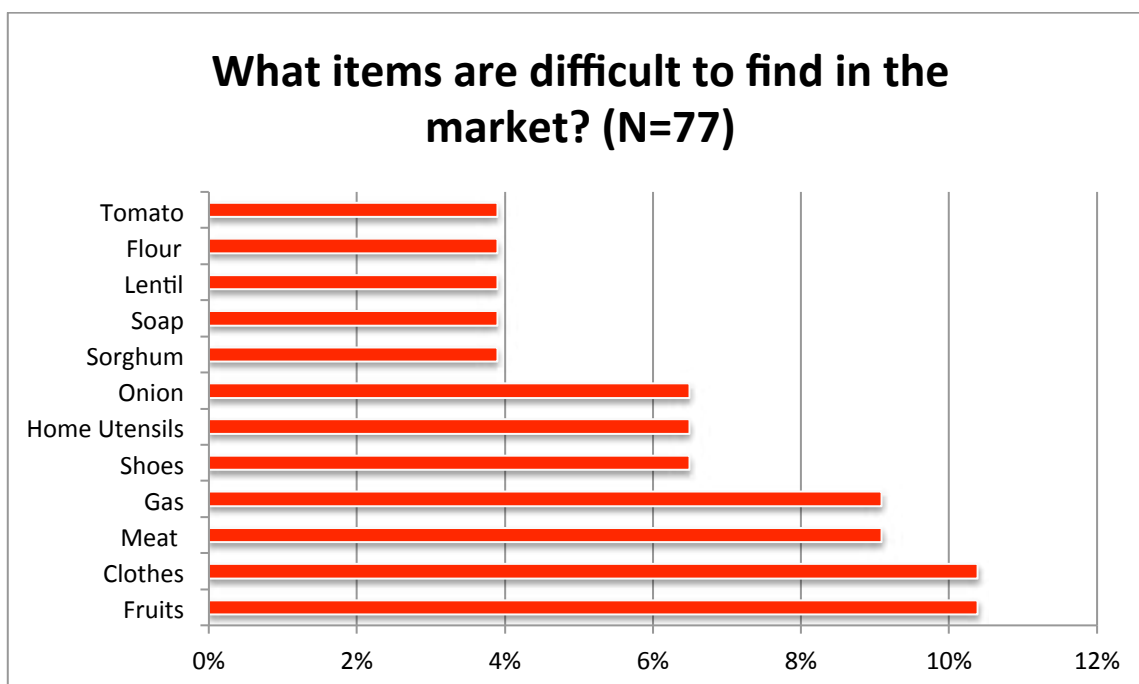
⁴³ N is higher than the total number of respondents because each respondent was asked to provide the top 5 commodities

Table 9: Satisfaction of refugees about always finding the items that they are looking for in the market (n=110).

	Frequency	Percentage
Yes	74	67%
No	36	33%
Total	110	100%

The top 12 products that are difficult to find in the market are:

Graph 10: Items that are difficult to find in the market (n=77).



The 5 products that refugees are most dissatisfied with in the market are:

Table 10: Items that refugees are dissatisfied with in the market (n=377)⁴⁴.

	Frequency	Percentage
Meat	72	19%
Sugar	30	8%
Charcoal	28	7%
Fruit	24	6%

⁴⁴ In case N is higher than the total number of respondents, this is because each respondent was asked to provide the top 5 commodities

Vegetables	23	6%
------------	----	----

The reasons for the dissatisfaction vary per product, but overall it can be concluded that refugees are mostly dissatisfied because of the price of the products sold in the market. For instance, in the case of meat 99% of respondents indicate that meat is too expensive, the remaining 1% indicates that there is a lack of supply. The same pattern (with slightly different percentages) applies to the other four products; the only other reason mentioned for dissatisfaction is poor customer service (4% in the case of vegetables).

When asked which items refugees would like to buy more of, or which items are available but not affordable, the 10 main products mentioned are:

Table 11: Items that refugees would like to buy more of in the market (n=276).

	Frequency	Percentage
Sugar	40	14%
Cooking Oil	30	11%
Meat	27	10%
Charcoal	27	10%
Sorghum	23	8%
Milk	20	8%
Clothes	18	7%
Onion	12	4%
Vegetables	10	4%
Fruit	9	3%
Others	60	20%

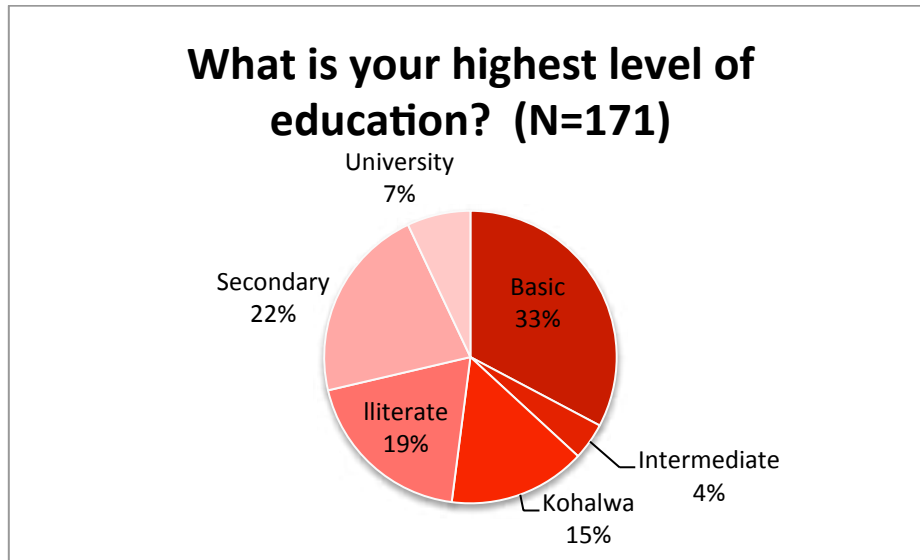
Table 12: Items that are available but not affordable to refugees (n=247).

	Frequency	Percentage
Meat	75	30%
Fruit	27	11%
Vegetables	16	6%
Clothes	15	6%
Sugar	13	5%
Milk	13	5%
Sorghum	12	5%
Shairia and Markarona	10	4%
Eggs	9	4%
Butter & Tahnia	9	4%
Others	48	20%

3.2.2 FINDINGS FROM THE CONSUMER SURVEY AMONG HOST COMMUNITIES

First, a number of questions were asked about the education level and occupation of host communities. The highest level of education was as follows:

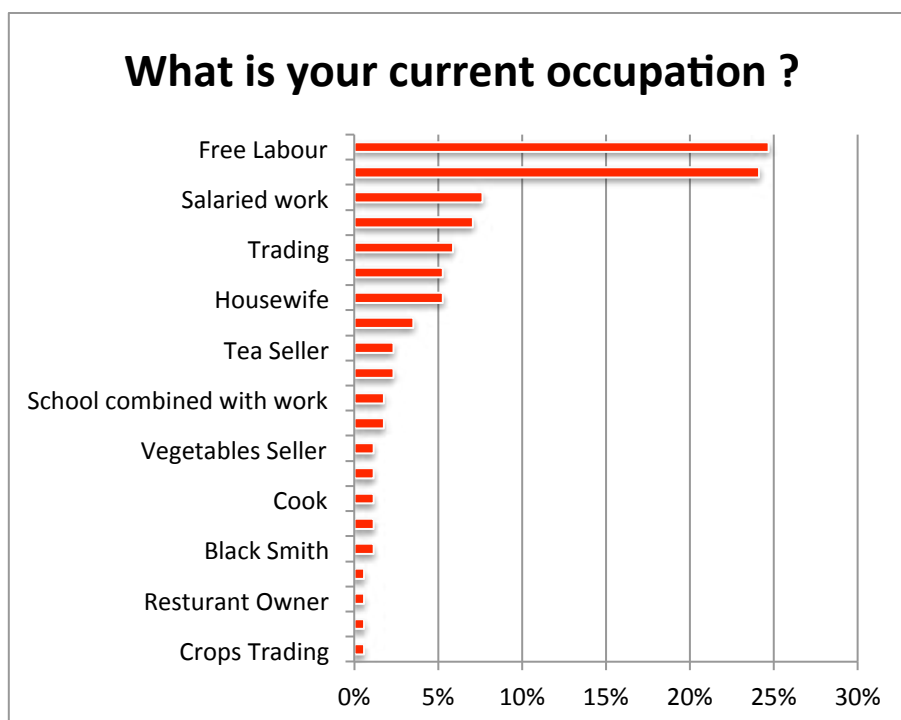
Graph 11: Highest level of education among host communities (n=171).



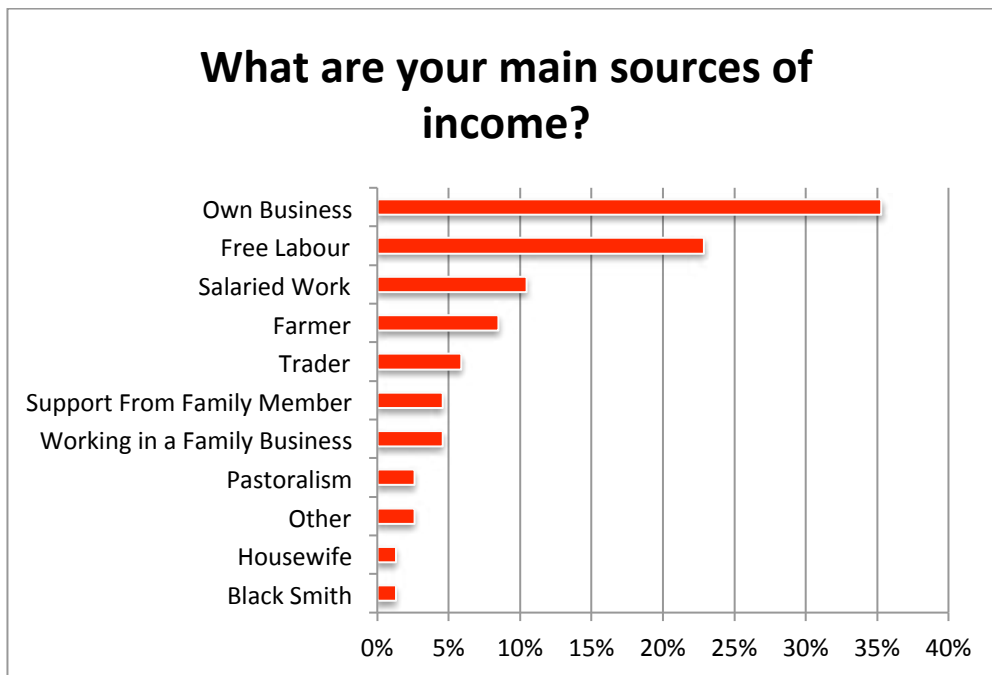
Out of 165 respondents, only 36 (22%) received any vocational training / skills training since they left school. This 5 most important types of training consisted of military training, driving licence, PHC, sewing and farming.

The current occupation and main sources of income of host communities are as follows:

Graph 12: Current occupation among host communities (n=170).

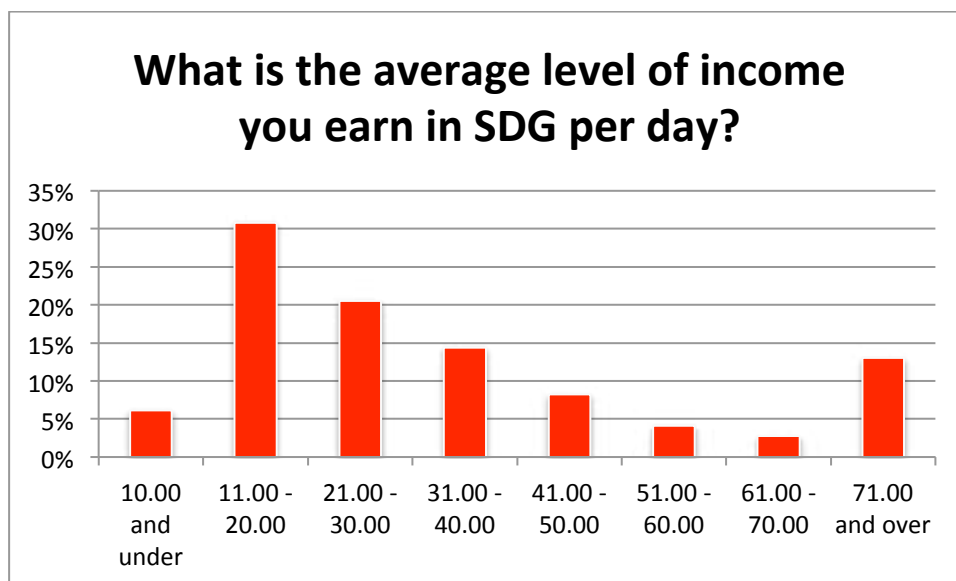


Graph 13: Main sources of income among host communities (n=153).



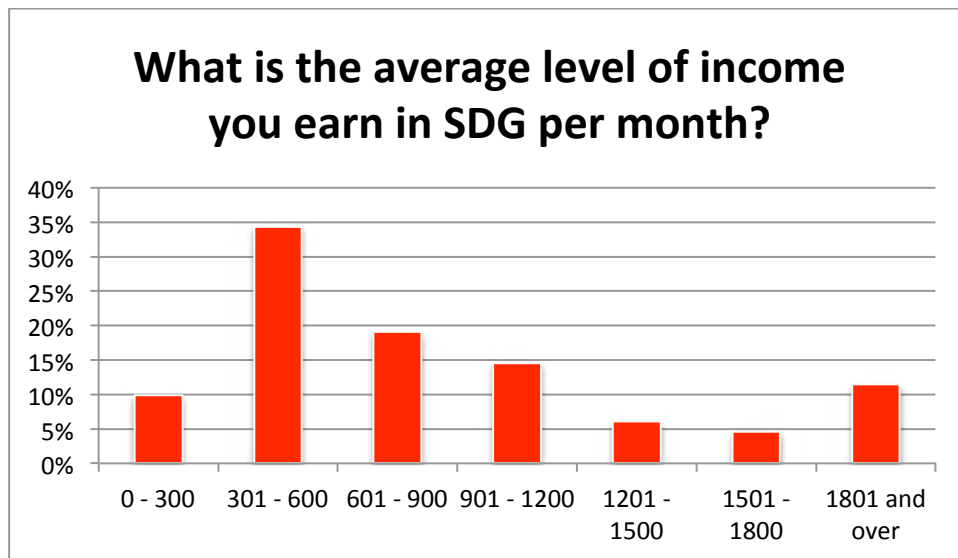
For the majority of host communities, the income level per day is between 11 and 40 SDG (or between USD 2-7). The average income level per day is SDG 39.6.

Graph 14: Average income level per day for host communities (n=146).



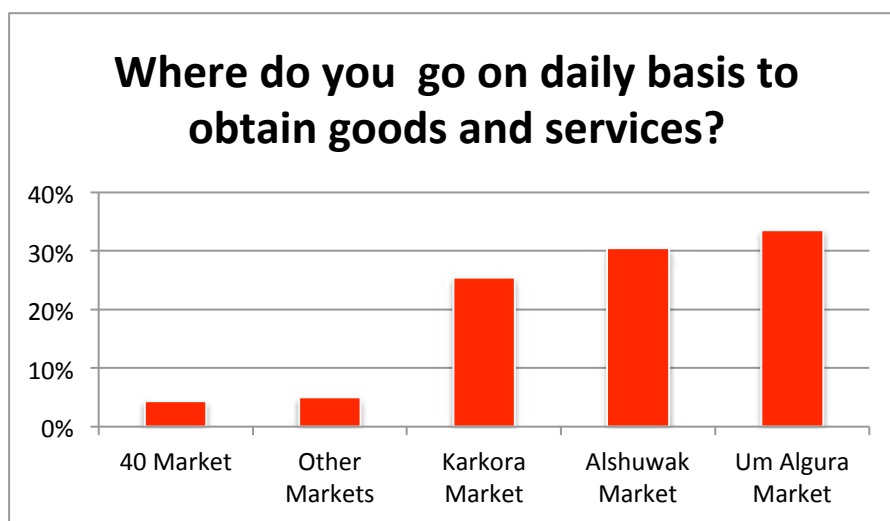
For the majority of host communities, the income level per month is between 300 and 1200 SDG (or between USD 53-212).

Graph 15: Average income level per month for host communities (n=131).



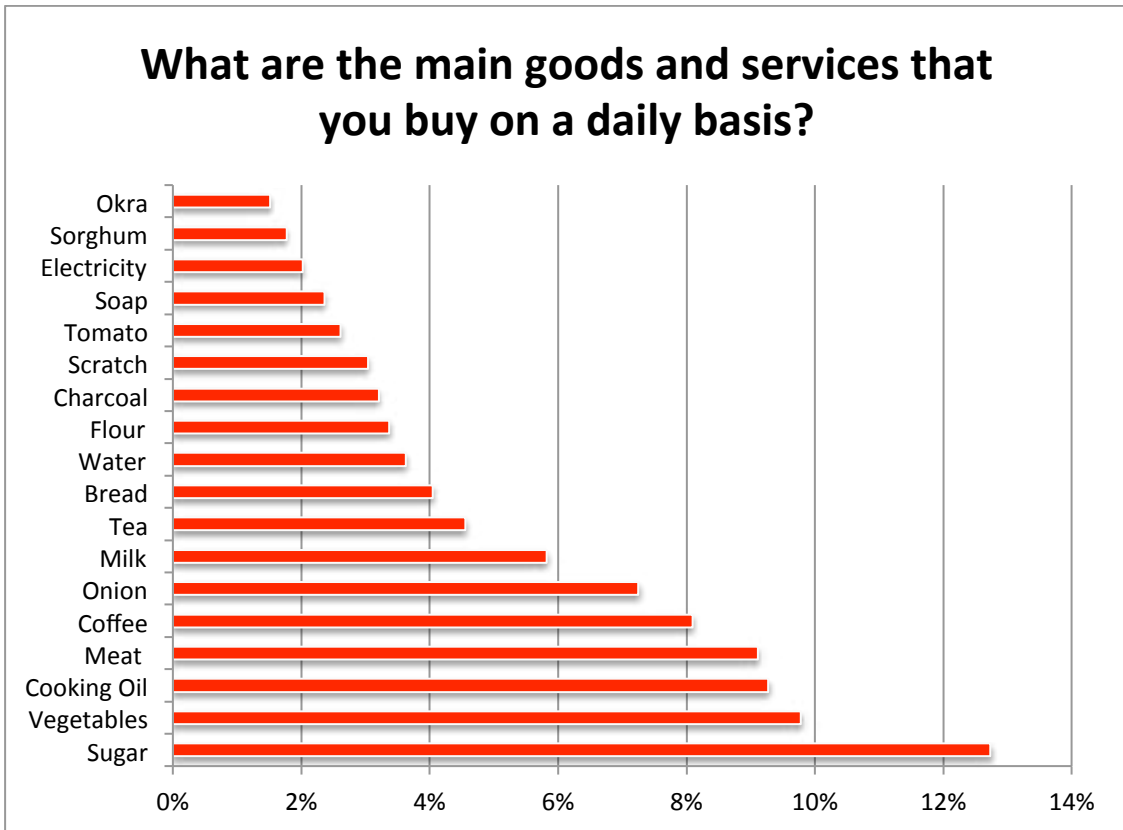
Host community members indicated that they go to the following markets to buy goods and services:

Graph 16: Markets that host communities go to on a daily basis (n=161).



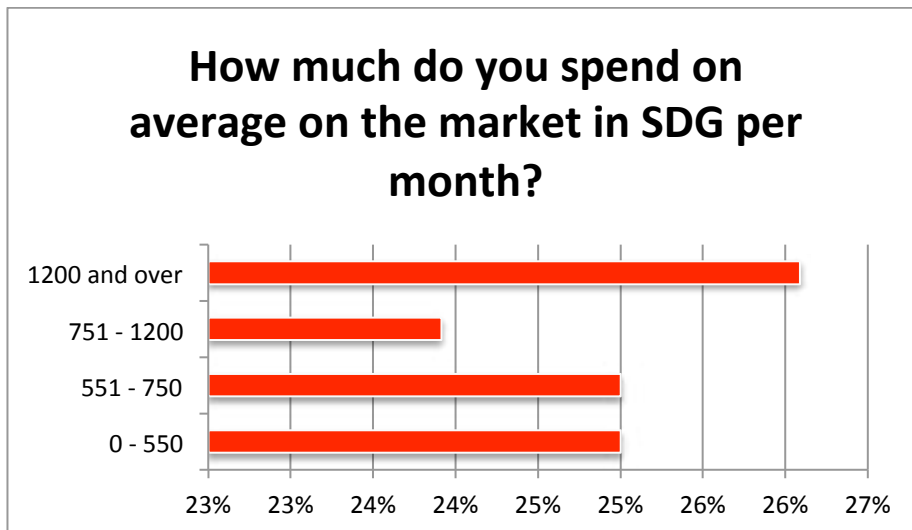
Based on a total response of 1186 respondents, the main goods that host communities buy in the market are:

Graph 17: Main goods and services that host communities buy on a daily basis (n=1186).



The average amount spent on the market per month is:

Graph 18: Average expenditure that host communities spend on the market per month (n=114).



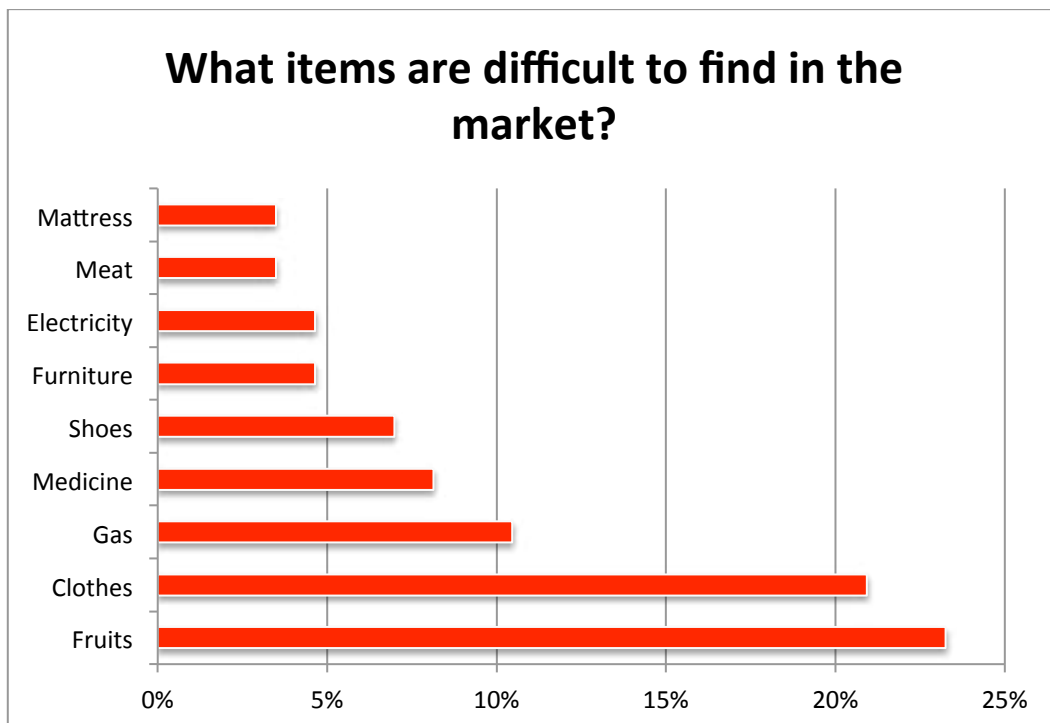
Host communities are relatively satisfied about what they can find in the market:

Table 13: Satisfaction of host communities about always finding the items that they are looking for in the market (n=151).

	Frequency	Percentage
Yes	121	80%
No	30	20%
Total	151	100%

The top 9 products that are difficult to find in the market are:

Graph 19: Items that are difficult to find in the market by host communities (n=86).



The 5 products that host communities are most dissatisfied with in the market are:

Table 14: Items that host communities are dissatisfied with in the market (n=415).

	Frequency	Percentage
Meat	58	14%
Fruits	35	8%
Sugar	35	8%
Vegetables	23	6%
Gas	20	5%

Milk	20	5%
Clothes	19	5%
Cooking Oil	19	5%
Sorghum	15	4%
Bread	14	3%
Others	157	37%

The reasons for the dissatisfaction vary per product, but overall it can be concluded that host communities are mostly dissatisfied because of the price of the products sold in the market. For instance, in the case of meat 98% of respondents indicate that meat is too expensive, the remaining 2% indicates that there is a lack of supply. The same pattern (with slightly different percentages) applies to the other four products; the only other reasons mentioned for dissatisfaction are poor customer service and poor quality.

When asked which items host communities would like to buy more of, or which items are available but not affordable, the 10 main products mentioned are:

Table 15: Items that host communities would like to buy more of in the market (n=313).

	Frequency	Percentage
Sugar	58	19%
Meat	31	10%
Cooking Oil	22	7%
Fruits	19	6%
Vegetables	19	6%
Sorghum	18	6%
Electricity	17	5%
Flour	16	5%
Clothes	15	5%
Soap	14	4%
Others	84	27%

Table 16: Items that are not affordable by host communities (n=273).

	Frequencies	Percentage
Fruits	50	18%
Meat	47	17%
Chicken	19	7%
Clothes	17	6%
Gas	9	3%
Vegetables	9	3%
Sorghum	8	3%
Eggs	7	3%
Sugar	7	3%
Fish	6	2%
Others	94	35%

3.2.3 CROSS TABULATION DATA FOR REFUGEES AND HOST COMMUNITIES FROM CONSUMER SURVEY

A cross tabulation of the data for refugees and host communities led to the following findings.

There are significant differences in education level: among refugees, the illiteracy level varies between 38% and 50.7%, while for host communities this is between 7.8% and 19.3%. Among the host communities, most educated people can be found in Um Elgura (33.3% secondary school and 9.7% university and above).

Table 17: Educational Attainment for Refugees and host communities (in %).

Education Level	Refugees (n=125)		Host community (n=171)		
	Um Gargoor	Fau5	Karkora	Alshuwak	Um Elgura
Illiterate	38	50.7	19.3	7.8	16.7
Khlowa	22	18.6	15.2	15.7	8.3
Basic school	26	20	32.8	39.3	29.2
Medium	-	-	4.1	7.8	2.8
Secondary School	14	8	21.6	21.6	33.3
University & above	-	2.7	7	7.8	9.7
Total	100%	100%	100%	100%	100%

Regarding daily income, there are significant differences between refugees and host communities, as can be seen in the table below. The average daily income per household for host communities is almost twice as high as for refugees. The difference between the different localities is also significant, with Alshuwak and Um Elgura showing the highest income figures. There is a discrepancy between the average household daily income and the average daily expenditure. For instance, average daily income in Fau5 is 21.3 SDG (USD 4) while daily expenditure is 86.1 SDG (USD 15). The same goes for Karkora, where average daily income is 23.6 SDG (USD 4) and expenditure 82 SDG (USD 14.5). This gap was only discovered after analysing the data. In the follow-up to this study, it is recommended to TSI to inquire how households make up the deficits, and what coping mechanisms they put in place.

Table 18: Average Household Daily Income (in SDG) (Refugees and Host communities).

Village / Camp	Refugees (n=90)			Host Community (n=146)			
	Um Gargoor	Fau5	Total	Karkora	Alshuwak	Um Elgura	Total
Avg. Daily Income	14.4	21.3	19.3	23.6	42.3	48.3	SDG 39.6 (=USD 7)
Minimum	2	0	0	10	9	5	SDG 5 (=USD 1)
Maximum	100	80	100	100	200	200	SDG 200 (=USD 35)

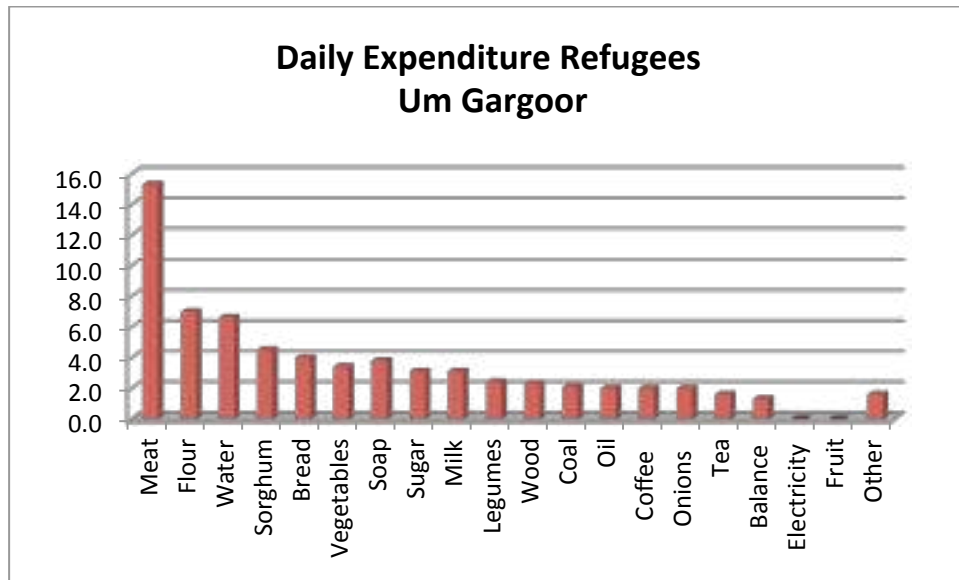
For the major goods obtained on a daily basis, there is not much difference between refugees and host communities. The most significant difference is that host communities consume more meat

compared to refugees (9% vs. 2.1%), which might be due to the fact that host community members generally have higher income (see income table above).

Distribution of daily expenditure on goods in % (Refugees and Host communities)

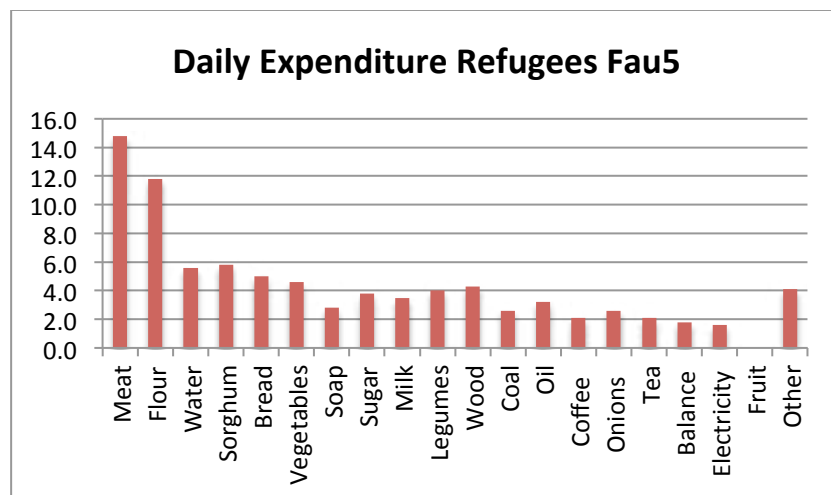
When looking at household expenditure, some significant differences appear as well: host communities spend relatively more income on sugar, milk, electricity and fruit. For most household items the differences are relatively small and statistically insignificant.

Graph 20: Daily expenditure on goods by refugees in Um Gargoor (in SDG).



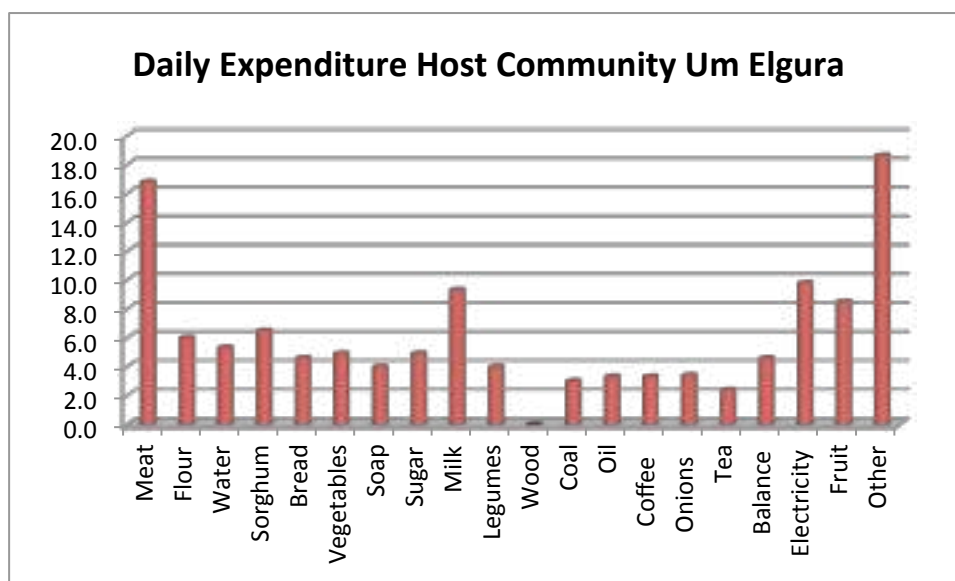
From the table above, it appears that the top 5 commodities bought daily in the Um Gargoor Refugee Camp are: Meat, Flour, water, sorghum and bread.

Graph 21: Daily expenditure on goods by refugees in Fau5 (in SDG).



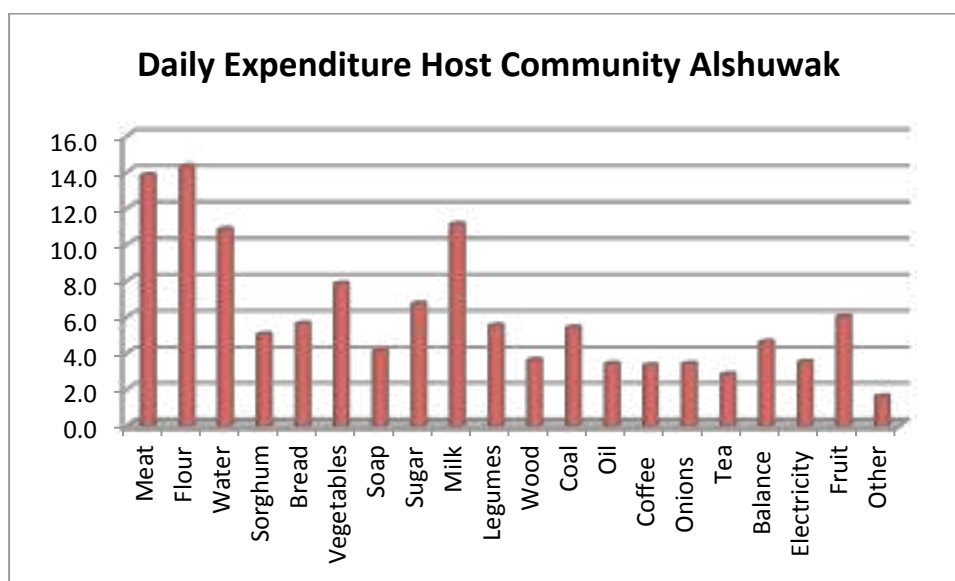
From the table above, it appears that the top 5 commodities bought daily in the Fau5 Refugee Camp are: meat, flour, sorghum, water and bread.

Graph 22: Daily expenditure on goods by host communities in Um Elgura (in SDG).



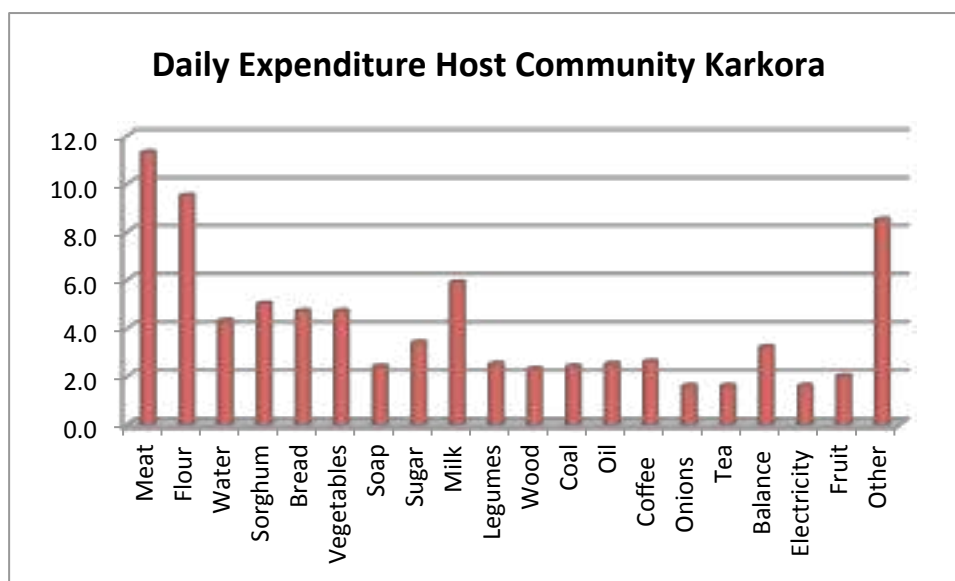
From the table above, it appears that the top 5 commodities bought daily in the Um Elgura Host Community are: meat, milk, electricity, fruit, and sorghum.

Graph 23: Daily expenditure on goods by host communities in Alshuwak (in SDG).



From the table above, it appears that the top 5 commodities bought daily in the Alshuwak Host Community are: flour, meat, milk, water, and vegetables.

Graph 24: Daily expenditure on goods by host communities in Karkura (in SDG).

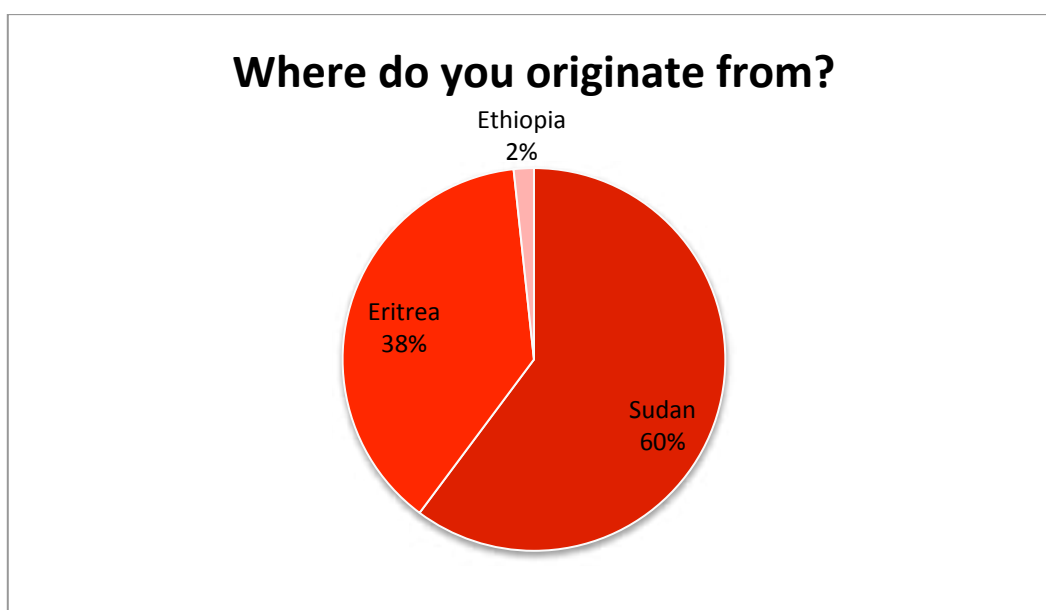


From the table above, it appears that the top 5 commodities bought daily in the Karkora Host Community are: meat, flour, milk, sorghum, and vegetables.

3.2.3 FINDINGS FROM MARKET SURVEY AMONG MARKET VENDORS

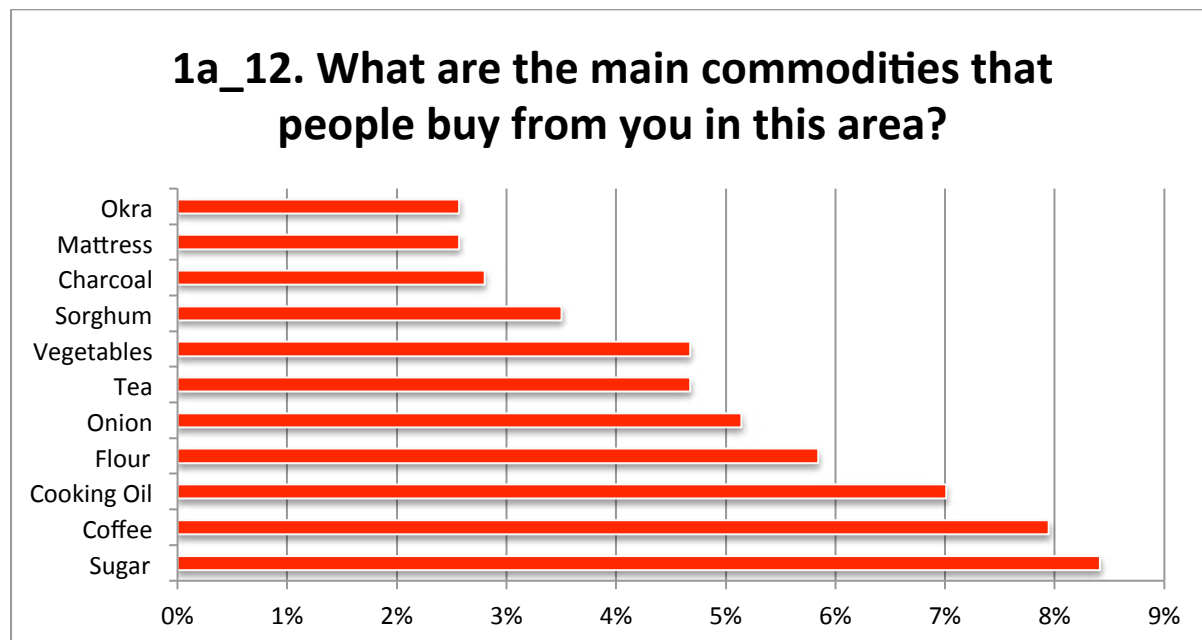
In each locality, a survey was held among market vendors. The main results are presented in this section. First, vendors were asked where they originate. It appeared that the majority (60%) originates from Sudan, 38% from Eritrea and 2% from Ethiopia. When asked where in Sudan they are from, the majority indicated to come from Um Algura, followed by Al Showak.

Graph 25: Geographical origin of market vendors (n=118).



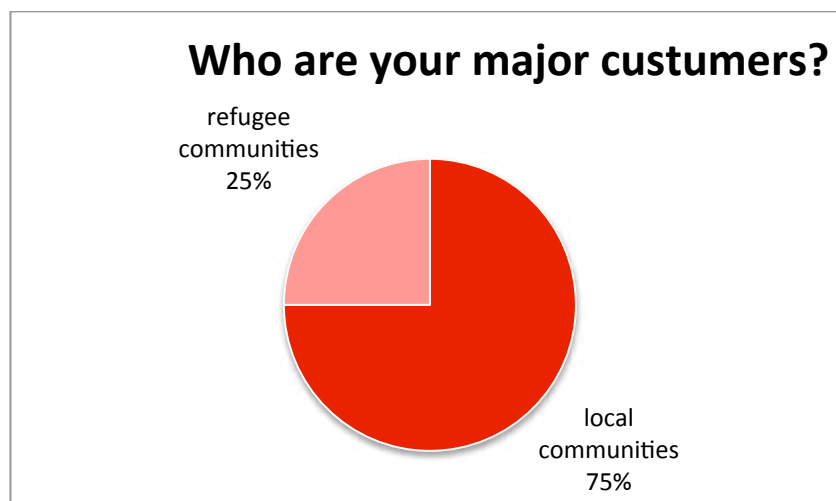
The top commodities that people buy from the market vendors are sugar, coffee and cooking oil (see table below).

Graph 26: Main commodities that people buy from market vendors (n=428)⁴⁵.



It appeared that on average, the major customers are local communities (75%) compared to 25% for refugees, while the percentages differ per locality.

Graph 27: Major customers that buy from market vendors (n=112).



⁴⁵ In case N is higher than the total number of respondents, this is because each respondent was asked to provide the top 5 commodities

Table 19: Major customers that buy from market vendors (n=112).

Who are your major customers?						
	Locality					
	Alfashagaf		Alshwak		Um Algura	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Local communities	43	73%	37	76%	4	100%
Refugee communities	16	27%	12	24%	0	0%
Total	59	100%	49	100%	4	100%

The majority of the vendors (66%) indicate that they are able to satisfy their customers.

Table 20: Market vendor's ability to satisfy their customers (n=112).

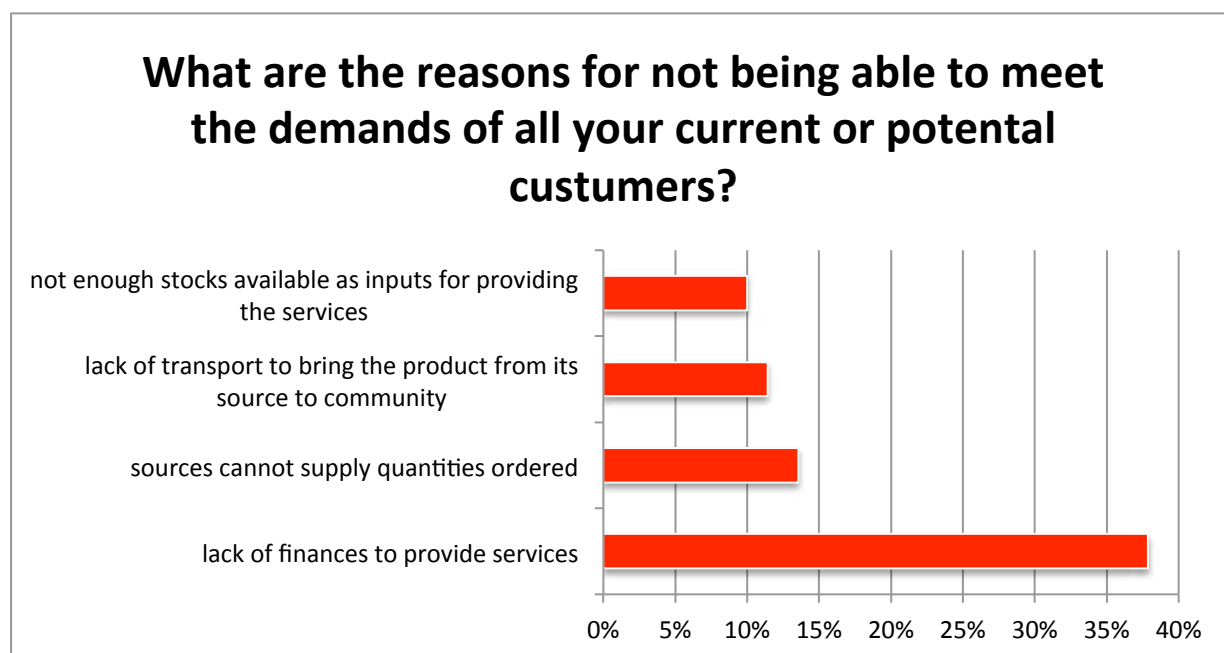
	Locality						Total	
	Alfashaga		Alshwak		Um Algura		N	%
	N	%	N	%	N	%		
Yes	36	60%	34	71%	4	100%	74	66%
No	22	37%	14	29%	0	0%	36	32%
Don't know	2	3%	0	0%	0	0%	2	2%
Total	60	100%	48	100%	4	100%	112	100%

At the same time a majority also indicates that they are often not able to satisfy customer's demand. Several reasons are being mentioned for this, see below.

Table 21: Market vendor's inability to meet their customers' demand (n=104).

	Locality						Total	
	Alfashaga		Alshwak		Um Algura		N	%
	N	%	N	%	N	%		
Every day	19	32%	12	29%	2	67%	33	32%
Every few days	11	18%	6	15%	0	0%	17	16%
Every week	14	23%	6	15%	0	0%	20	19%
Every few weeks	4	7%	2	5%	0	0%	6	6%
Every month	3	5%	3	7%	0	0%	6	6%
Every few months	6	10%	1	2%	0	0%	7	7%
Don't know	3	5%	11	27%	1	33%	15	14%
Total	60	100%	41	100%	3	100%	104	100%

Graph 28: Reasons of market vendors for not being able to meet customers' demand (n=140).



The survey shows that the majority of the vendors buy their stock from nearby towns/provincial capitals (42%), followed by local wholesaler/retailers.

Table 22: Origin of stock that market vendors buy (n=104).

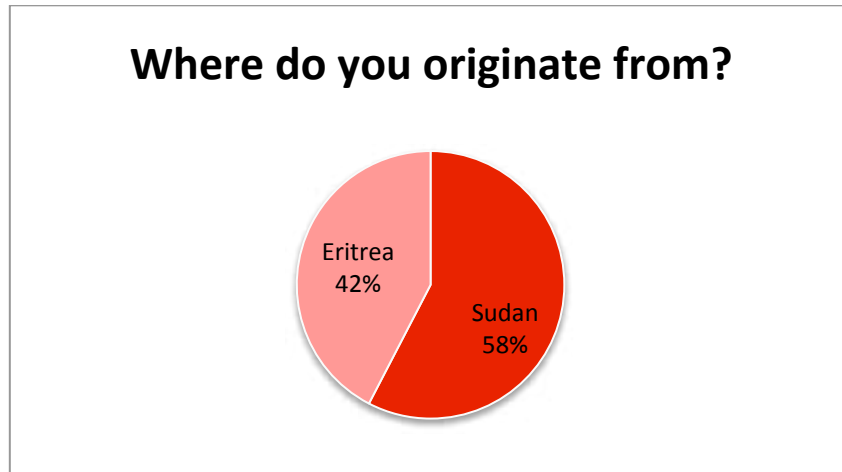
	Locality						Total	
	Alfashaga		Alshwak		Um Algura		N	%
	N	%	N	%	N	%		
Local producers	10	18%	8	18%	1	25%	19	18%
Local wholesaler/retailer	16	29%	13	29%	0	0%	29	28%
Nearby towns/provincial capital	22	40%	20	44%	2	50%	44	42%
National capital city	2	4%	0	0%	0	0%	2	2%
Neighbouring country ⁴⁶	3	5%	4	9%	1	25%	8	8%
Other	2	4%	0	0%	0	0%	2	2%
Total	55	100%	45	100%	4	100%	104	100%

⁴⁶ During the survey, interviewees did not specify which country was meant, but this should be either Ethiopia or Eritrea.

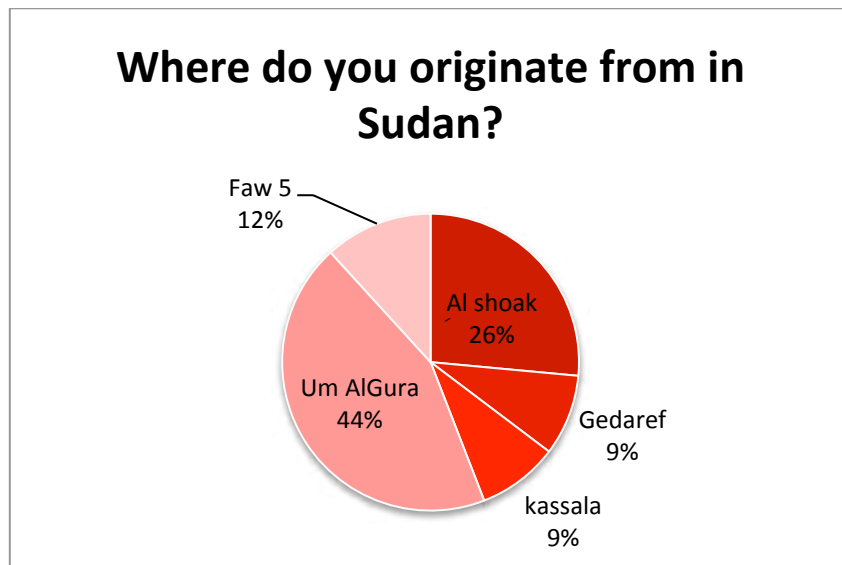
3.2.4 FINDINGS FROM MARKET SURVEY AMONG SERVICE PROVIDERS

In each locality, a survey was held among market vendors. The main results are presented in this section. First, vendors were asked where they originate. It appeared that the majority (58%) originates from Sudan, and 42% from Eritrea. When asked where in Sudan they are from, the majority indicated to come from Um Algura, followed by Al Showak.

Graph 29: Geographical origin of service providers (n=59).

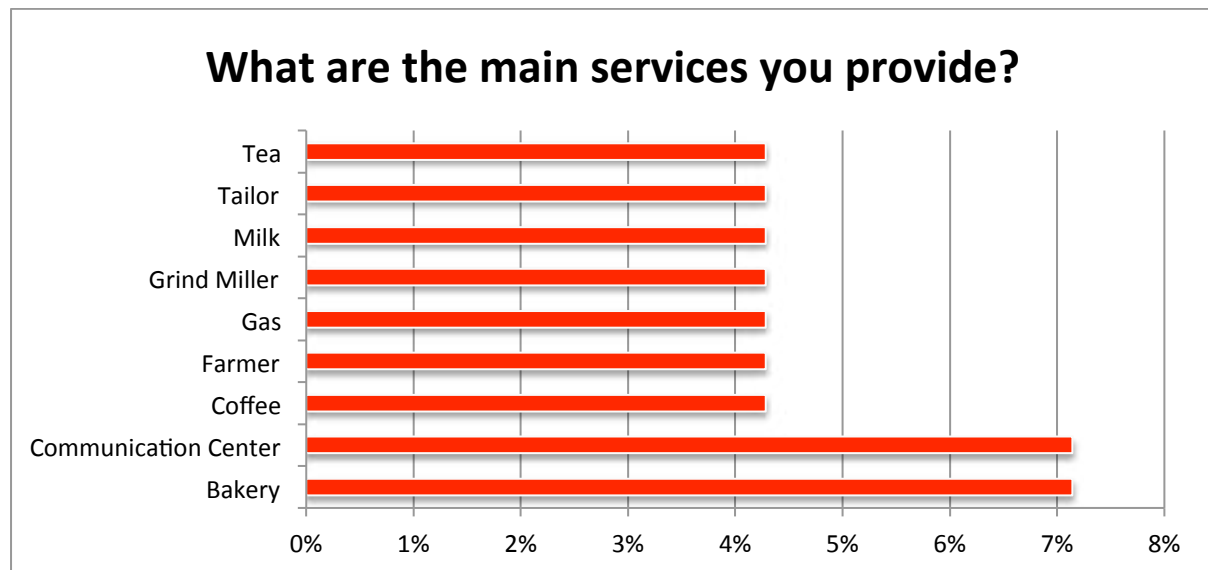


Graph 30: Geographical origin of service providers within Sudan (n=59).



The top services that people obtain from the service providers are bakeries and communication centres (see table below).

Graph 31: Main services provided by service providers (n=70).



It appeared that on average, the major customers are local communities (97%) compared to only 3% for refugees, while the percentages differ per locality. Major customers come from Um Algura.

Graph 32: Major customers of service providers (n=39).

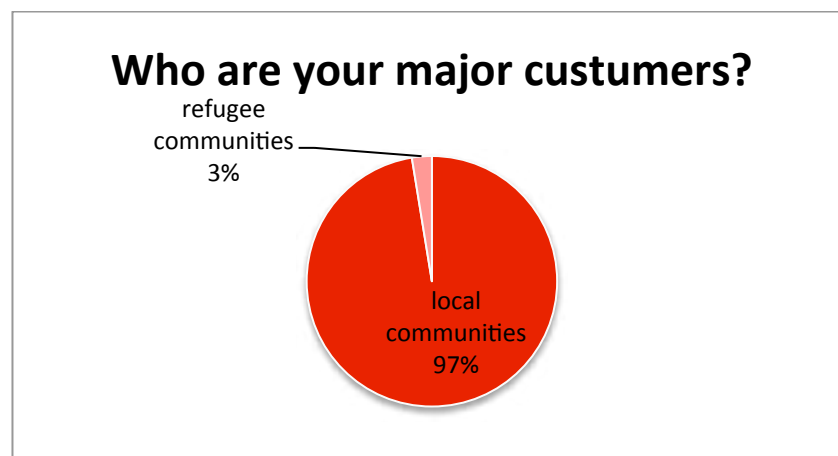


Table 23: Major customers of service providers per market (n=39).

	Local communities		Refugee communities	
	Frequency	Percentage	Frequency	Percentage
Alfashaga	17	45%	1	100%
Um Algura	21	55%	0	0%
Total	38	100%	1	100%

The majority of the customers (61%) can be categorized as low income and poor people.

Table 24: Categorisation of customers of service providers per market (n=57).

	Locality			
	Alfashaga		Um Algura	
	Frequency	Percentage	Frequency	Percentage
High income people	5	18%	1	3%
Low income people and poor people	17	61%	18	62%
Other	6	21%	10	34%
Total	28	100%	29	100%

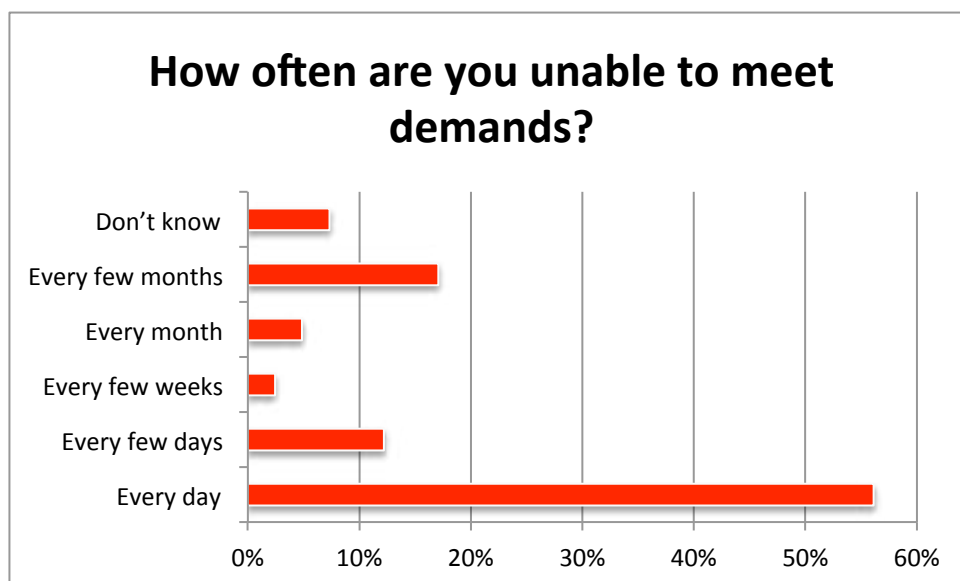
The majority of the vendors (76%) indicate that they are able to satisfy their customers.

Table 25: Ability of service providers to satisfy its customers (n=51).

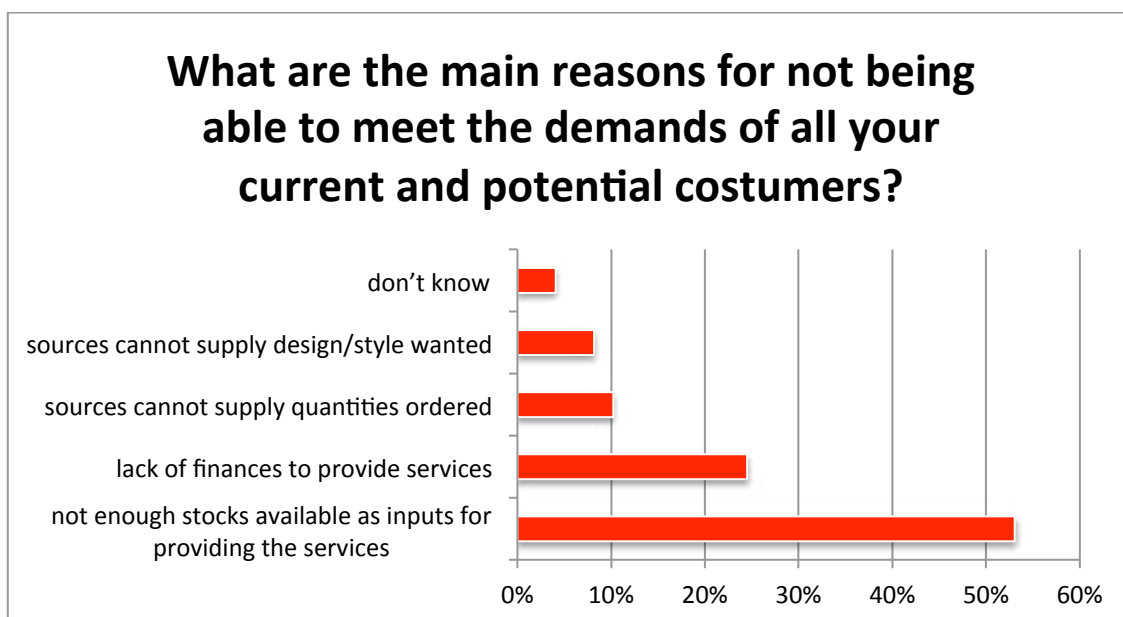
	Frequency	Percentage
Yes	39	76%
No	11	22%
Don't know	1	2%
Total	51	100%

At the same time, a majority also indicates that they are often not able to satisfy customer's demand. Several reasons are being mentioned for this, see below.

Graph 33: Inability of service providers to meet customers' demands (n=41).



Graph 34: Main reasons for not being able to meet customers' demands of service providers (n=49).



The survey shows that the majority of the service providers buy their stock from local producers (34%), followed by local wholesaler/retailers (in the case of Alfashaga) or nearby towns/provincial capitals.

Table 26: Origin of stock of service providers per market (n=56).

	Locality			
	Alfashaga		Um Algura	
	Frequency	Percentage	Frequency	Percentage
Local producers	10	33%	9	35%
Local wholesaler/retailer	8	27%	3	12%
Nearby towns/provincial capital	7	23%	5	19%
National capital city	1	3%	2	8%
Local producers and wholesalers	0	0%	2	8%
Nearby towns and capital	2	7%	0	0%
National capital and neighbouring country	0	0%	1	4%
Three or more locations	2	7%	4	15%
Total	30	100%	26	100%

3.2.5 CROSS TABULATION DATA FOR REFUGEES AND HOST COMMUNITIES FROM MARKET VENDORS AND SERVICE PROVIDERS SURVEY

A cross tabulation of the data for refugees and host communities from the market vendors and service providers survey, led to the following findings:

The average income level differs significantly from one locality to the other, as can be seen below. Income levels of market vendors are highest in Um Algura and Alshuwak, and lowest in Fau5 camp.

Table 27: Average income level (in SDG) of market vendors per market (n=110).

Camp/Village	Average		Maximum		Minimum	
	Daily	Monthly	Daily	Monthly	Daily	Monthly
Um Algura	252	5263	2400	60000	3	30
Alshuwak	159	3607	800	21000	10	250
Um Gargoor	41	1737	240	15000	30	90
Karkora	51	1209	4050	150	10	270
Fau5	37	1046	100	4500	7	160

When looking at the ability to satisfy customer demand, the highest percentages appear in Fau5 and Um Algura, and the lowest in Alshuwak.

Table 28: Ability of market vendors to satisfy its customers per market (in % of total no. of Market Vendors) (n=113).

Are you able to satisfy all your customers (in % of total no. of Market Vendors)			
Camp/Village	Yes	No	Don't Know
Fau5	75	25	-
Um Algura	71.9	28.1	-
Um Gargoor	63.7	31.8	4.5
Karkora	60	40	-
Alshuwak	55.6	39.9	5.5
Total	66.1	32.1	1.8

Comparing the reasons for not being able to meet demand, there are some significant differences between service providers and market vendors (see below).

Table 29: Main reasons for not being able to meet customers' demands of market vendors (n=140) and service providers (n=49).

	Not enough stocks available	Sources cannot supply quantities	Lack of finances	Sources cannot supply design	Purchase costs	Lack of transport to bring	Other	Heavy taxation	Don't know	Refuse to answer
Service	28.9	26.7	20	2.2	8.9	6.7	2.2	-	2.2	2.2
Vendors	10.1	13.8	38.5	2.2	12.3	4.3	6.5	7.2	2.9	2.2
Total	17.5	18.9	31.1	2.2	10.9	5.4	4.8	4.4	2.6	2.2

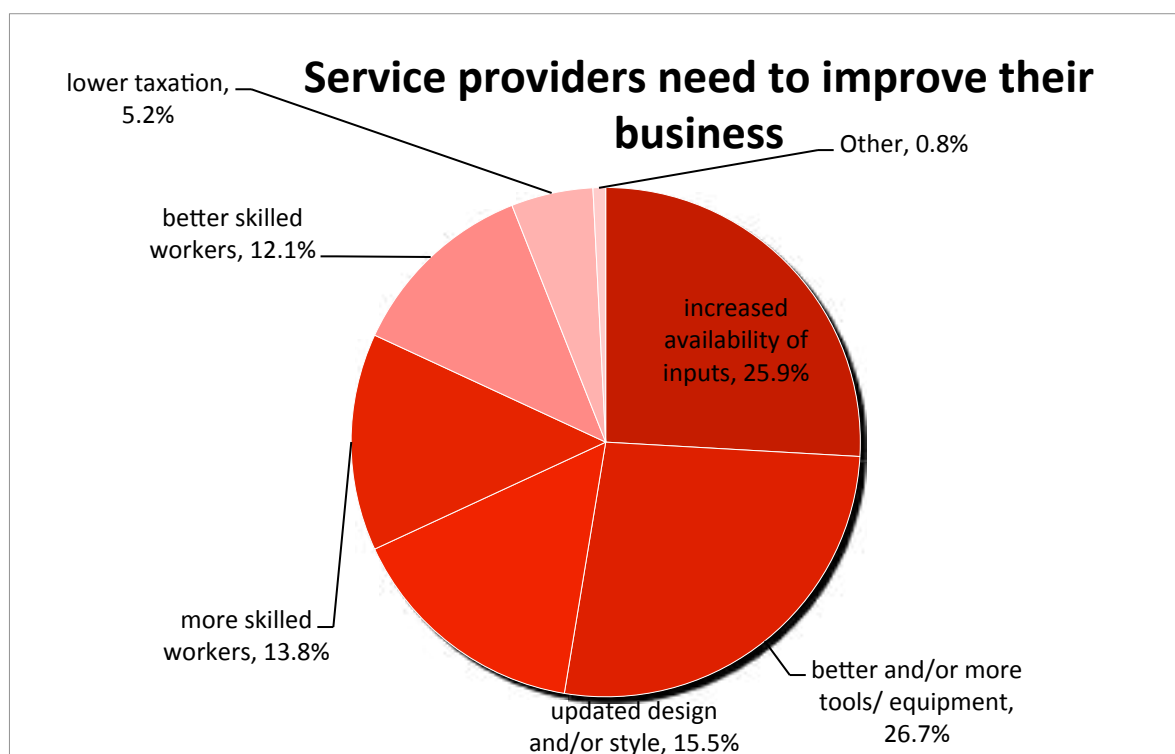
In terms of income levels for service providers, there are major differences between service providers operating in refugee camps and those in host communities. On average, service providers in host communities earn 11 times more on a monthly basis than service providers in in refugee camps. This is probably caused by the lower income levels of refugees, compared to host communities (see 3.2.3).

Table 30: Average income of service providers in SDG for refugees and host communities (n=58).

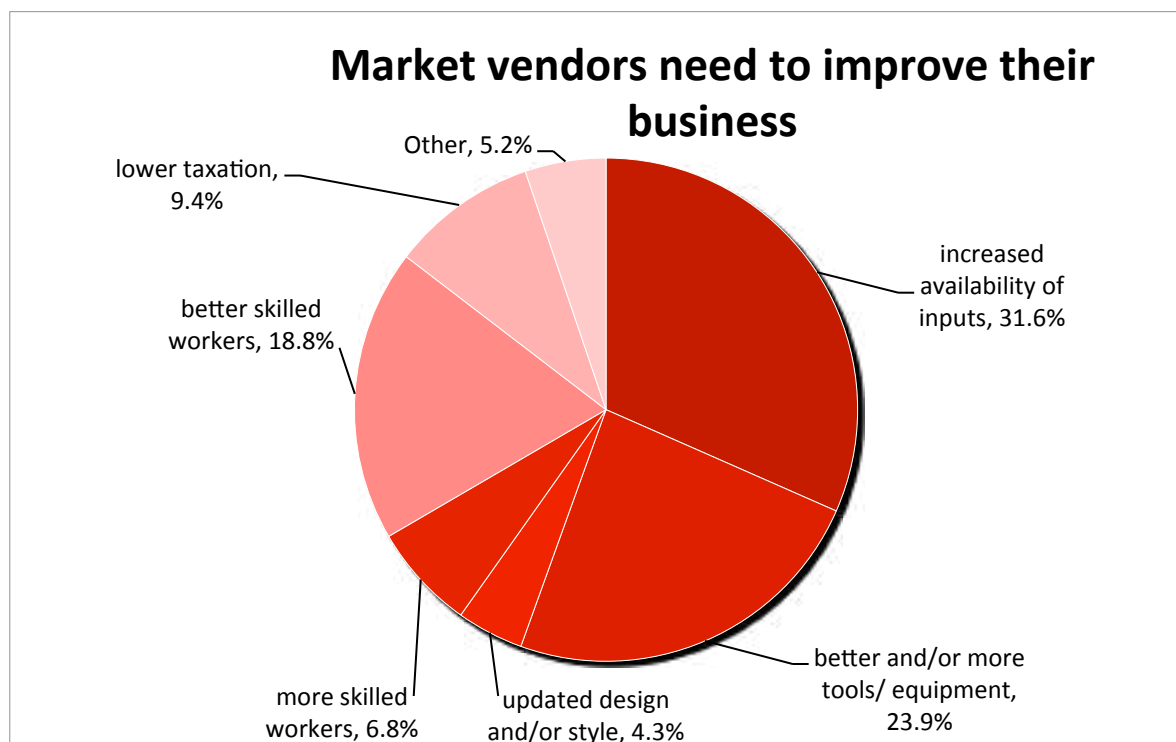
Community	Average		Maximum		Minimum	
	Daily	Monthly	Daily	Monthly	Daily	Monthly
Refugees	178	4707	1000	27000	5	90
Host	924	53763	7500	890000	16	300

In the figure below, the different needs of service providers and market vendors are indicated. It is clear from the figure that for both actors, better and more tools/equipment and increased availability of inputs are the most important needs.

Graph 35: Service providers' major needs to improve their business (n=125).



Graph 36: Market vendors' major needs to improve their business (n=119).



3.3 LIST OF PRODUCTS AND SERVICES THAT ARE PROFITABLE AND IN DEMAND

3.3.1 FINDINGS FROM THE KEY INFORMANTS

This chapter combines the overall findings from the key informants and the information from the stakeholder workshops.

In 2013 Gedaref was the top livestock export market in Sudan in that the highest number of livestock exported were from Gedaref livestock export market. Gedaref has two livestock markets Shuwak and Gedaref markets. The state has vast grazing areas and other states in Sudan bring their livestock to the state of Gedaref for grazing during dry seasons. When it is time to sell, the animals are sold from Gedaref livestock markets.

Gedaref town is relatively close (777km) to Port Sudan, which is the gateway to the export route to the Arab states. The city is close to a permanent and very good road which links to the export port

and has a large number of livestock. There are about 300 000 pastoralists in Gedaref and the average pastoralist owns: 50 – 6,000 mainly sheep.⁴⁷

Table 31: Major commodities/markets in Gedaref and Jazeera.

Gedaref Host communities	Jazeera Host Communities (Irrigation schemes)
<p>Main income generation commodities</p> <p>Livestock</p> <ul style="list-style-type: none"> • Sheep • Cattle • Camels • Goats – low level <p>Major crops produced</p> <ul style="list-style-type: none"> • Sorghum 	<p>Main income generation commodities</p> <p>Livestock</p> <ul style="list-style-type: none"> • Sheep • Cattle • Goats <p>Major crops</p> <ul style="list-style-type: none"> • Sorghum • Groundnuts • Cotton <p>Main agro-processing products:</p> <ul style="list-style-type: none"> • Milk and dairy products mainly for sale in Wad Medani • Meat processing, fish, leather, food processing • Groundnut and sesame oil, sorghum flour, textiles
Refugees in Umgurgur	Refugees in Fau5
<p>Major livelihood sources: crops and livestock</p> <p>Livestock</p> <ul style="list-style-type: none"> • Cattle, • Sheep, • Goats <p>Crops</p> <ul style="list-style-type: none"> • Sorghum • Sesame • Arabic gum <p>Commodities in demand;</p> <ul style="list-style-type: none"> • Cereal foods - sorghum <p>Unsatisfied demand;</p> <ul style="list-style-type: none"> • Fresh vegetables from Kassala; • Products to sell on the market are in short supply 	<p>Major livelihood sources: crops and livestock</p> <p>Livestock</p> <ul style="list-style-type: none"> • Sheep trading to Um Elghura • Fewer goats and sheep observed than in the host communities • Donkeys <p>Crops:</p> <ul style="list-style-type: none"> • Sorghum, • Sunflowers, • Groundnuts <p>Commodities in demand;</p> <ul style="list-style-type: none"> • Cereal foods, basic staple food - sorghum <p>Unsatisfied demand;</p> <ul style="list-style-type: none"> • Fresh vegetables, from Kassala; • Products to sell on the market are in short supply

⁴⁷ Interview with Gadaref Pastoralist Union

Importance of Livestock- based enterprises for local communities and refugees

Livestock and livestock products are very important in the livelihoods and local economies of Gedaref state and 90% of host communities and refugees live on livestock. Livestock has both upstream and downstream products, which are of economic value:

- Milk and dairy products enterprises
- Meat marketing industry
- Leather processing important but has underdeveloped
- Live animal export – Ashgal sheep breed for export
- Labour absorption capacity is high for livestock based enterprises

In the Jazeera the situation is slightly different in that the local communities and refugees are based in irrigation schemes. The major sources of livelihoods are agro-processing based industries. The main industries are:

- Cotton spinning,
- Oil processing (sesame, sunflower and groundnuts),
- Food processing industry (tahina, sweets “pasta”, dairy products),
- Chemical industry (soap, detergents),
- Leather processing - tanneries (there are four tanneries),
- Meat processing - slaughterhouse (under construction)
- Milk processing
- Horticulture production and export to other neighbouring states

The top employment sectors are agriculture, small manufacturing, service enterprises, building and construction. The agriculture sector in Jazeera has a number of constraints; as much as the cotton industry has been one of the top income generators for a long time, things have changed now and the industry has gone down from 17 cotton factories down to only one. The livestock sector on the other hand suffers severe limitations; the price of Sudanese livestock are higher than livestock imported from Ethiopia, Eritrea, or Somalia; e.g. Somali camels price is SDG 2000 (=USD 353) while the Sudanese camel price is SDG 4000 (=USD 707).⁴⁸

In the Rahad irrigation Scheme 77,000 feddans have been allotted for horticulture production but farmers hesitate to invest in fruit production that requires 2 to 3 years for first harvest. Furthermore some varieties of horticultural produce (e.g. okra) are banned in proximity of other crops (cotton). The main agricultural products from the irrigation schemes are: sorghum, groundnuts, and cotton. The main livestock products are milk and dairy products mainly for sale in Wad Medani.⁴⁹

Irrigation Scheme Constraints

- Productivity per feddan decreased progressively
- Water supply and maintenance of the canal system,
- Shortage of purified drinking water (26 villages in the scheme drink canal water. Bilharzia and Malaria incidence on the population is very high)
- Increasing costs of inputs,
- Changing social patterns of educated youth that do not want to be farmers.

⁴⁸ Source: Key informants interviews

⁴⁹ Source: Key informants interviews

- Manpower shortage is partially overcome by refugees who prefer to invest in livestock or rent plots for forage and production. Ethiopian seasonal workers are increasing for the 6-month seasons, from (sowing, weeding, harvesting). Hiring workers from South Sudan also helps to mitigate seasonal labour shortages.
- Garbage collection and disposal

3.4 LOCAL MARKET TRENDS AND FACTORS THAT AFFECT LOCAL SELLERS (SUPPLY) AND CONSUMERS (DEMAND)

3.4.1 A BRIEF SUPPLY-DEMAND ANALYSIS IN GEDAREF AND JAZEERA REFUGEE CAMP MARKETS

Commodities in demand

The analysis in above table shows that the major commodities in demand in the refugee camps are cereal grain, sorghum and sorghum flour, which constitute the basic staple food. The vendors buy the sorghum grain from the nearby towns and bring it into the camp markets and resell.

These major commodities could not be confirmed on the basis of the quantitative data from our survey. On the contrary from the survey it appeared that the top commodities in demand at household level are sugar, onion and cooking oil.

Milk and meat demand

The demand for meat, milk and milk products at local household level for both host communities and refugees is not coming out clearly from the qualitative analysis. The quantitative consumer expenditure data shows the following; meat is the number one commodity that is bought on a daily basis with highest % in the two refugee camps and in the three host communities; as shown in the charts on consumer expenditure above.

Unsatisfied product/commodity demand

The analysis in above table shows that the major commodities are in short supply and required by the refugees in camps are different types of vegetables; onions, tomatoes, fresh green vegetables and other horticultural commodities. Most of the vegetables sold in the refugee camp markets are obtained from Kassala and Halfa. These places are more than 200km from the surveyed refugee camps and transport to Kassala and Halfa is a major obstacle to facilitating interstate trade. It was noticeable in all the camp markets visited and surveyed that there is a general shortage of products and commodities to sell on their markets.

Unsatisfied service demand

The stakeholder workshop uncovered another major area of unsatisfied demand is shortage of electricity supply, and limited supply of building material in both host communities and refugees homesteads.

The Condition of Market Services and facilities

In walking around the camp markets the survey team observed that each refugee camp has a market within the camp. However, there market infrastructure is minimal and in some cases completely missing.

Built up market stalls are lacking except for one refugee camp market Fau5 where the Sudanese Red Crescent (SRC) provided sheltered space for up to 20 shops but these have never been used because of lack of start-up capital to buy products to sell. The SRC microfinance loan threshold is too small SDG 500 (84.7 USD) to 4000 (678 USD). According to the refugee key informants interviewed, the refugees desire that this loan amount should be increased to levels of up to 10000 SDG (1694 USD) as the NGO called SUDIA, which provides such loans.

The level of market activity in the refugee camp markets is very low. It was clear from observation that the market is small. These are markets made up of generally very low-income earning people and hence they are poor markets. The purchasing or buying power in the refugee camp markets is very low compared to the host communities markets. The level of business activity is very low as a result of low levels of income of the market participants. Most of the stalls were empty of products and a number of the market stalls were actually closed due to lack of products to sell. The main small shops that were open most of the time were the men-owned teashops and petty-trade shops selling small grocery items. This observation was different from the host community markets in Shuwak, and Um Elghura, which were bustling with business activities.

Both the refugee camp markets and the host community camp markets are the centres of economic interaction and integration between refugees and local communities. This was clearly observed and evident in the Um Elghura, Shuwak, and Gedaref markets.

Business and market isolation of refugee camp markets

It was observed from interviews with the key informants in the Um Gargour refugee camp, that the supply of commodities in short supply and demand is hampered by the following situation and distance from the major supply and market centres; vegetables are obtained from New Halfa which is over 100 km away; fruits come from Kassala 130 km away; livestock come from Shuwak 30 km away. The camp locals produce sorghum, milk, and livestock are mainly sold to Shuwak and Gedaref, which are 30 km away and 70 km away respectively. The camp is isolated from major cities and neighbouring states, and this limits opportunities for doing any business with other towns and states. Transport is difficult and expensive to move goods from the nearest towns.

Umghurghur camp area is further isolated for 3 months during rainy season when the roads are neither usable nor passable due to flooding and mud. In addition private transporters are very expensive for the refugees. There is therefore an urgent need for a permanent road linking the camp to the main towns around. This would stimulate business between the host communities and the refugees and facilitate speedy integration of refugees into the local economy.

A brief supply–demand analysis in Gedaref and Jazeera Host community markets – Shuwak and Um Elghura

The situation in the host community markets is very different. These markets are functional while the refugee camp markets seem dysfunctional in comparison. The community markets are ‘hives of business and market activity’. These markets serve the urban people who are a different class of people from refugees in that they are working and earning some reasonable income and they can afford to buy many items on the market. The working class in the towns have a high buying power and hence they make the markets busy and functional. From the quantitative survey, it appears that the top commodities are sugar, vegetables and cooking oil.

3.5 OUTLINE OF LOCAL CONSUMERS' PREFERENCES AND PURCHASING TRENDS

In this subchapter, an outline of consumer's preferences and purchasing trends in East Sudan is given, specifically for the market opportunities as highlighted in Chapter 2.1.

3.5.1 SHEEP MARKET ANALYSIS

Gedarif is one of the major suppliers of live sheep export market segment. The local demand for sheep meat and slaughtered sheep is 50:50 to the export market demand. About 50% of sheep produced in Gedaref and Jazeera is consumed in these states while the other 50% is transported to Port Sudan and for the export market. The local market is a segment that should be given as much attention as the export market in terms of development and support and modernization of slaughtering facilities. In the markets there are butcherries for daily meat supply to the local household buyers. Most Sudanese people, especially those who are well off prefer to eat meat every day. This means that the demand for meat is quite high in the local market.⁵⁰

The Shuwak and Gedaref livestock markets sell meat to the Gadaref local slaughter/processing houses. The slaughterhouses sell the meat to both local communities and refugee camps. There are a number of slaughterhouses for the local communities in Gedaref state; there are big slaughterhouses in Gedaref town. There is also a small abattoir in town for training in slaughtering animals owned by MARF. Refugee camps have only slaughter slabs for animal slaughtering. All these facilities belong to the MARF and the local municipalities.⁵¹

According to the Ministry of Animal Resources and Fisheries (MARF) in Gedarif, the people in the state produce high quality sheep of the Ashgal breed. The Ashgal breed is regarded as the best quality sheep, preferred by consumers and in high demand in the Arab States. This breed is a desert or pure breed animal, which includes (Hammari, Kabashi, Zaghawi, Meidoub, Wateish, Rofa'a, Ashgar, Butana, Dubasi). The breed performs very well in Gedaref and Jazeera states and this is one of the reasons why Gedarif state has excelled in live sheep export market in the recent years. The average mature weight is 45kg live weight and 17kg carcass weight, and these are the desired attributes of the breed by the Arab consumers.⁵²

Interviews with sheep traders in Um Elghura and in Gedaref showed that the leather and skin processing industry has not yet been developed in both Gedaref and Jazeera. However, there is one government owned tannery in Gedaref, which is used mainly for training rather than production purposes. The tannery is owned by MARF. The ministry envisages possible opportunities for developing the leather industry and a market for animal skins and processed leather products.⁵³ At government level their interest in developing the skins and hides value chain. Awareness raising and technical training is required for the sheep producers to make them aware of and tap into the value in the skins and hides industry both for local consumption and export. Paying the farmers reasonable amounts per hide is necessary to encourage them to treat hides properly and to preserve them for the market. Skins are potential value addition products. At present the livestock farmers' focus is on the meat value of the animal.

⁵⁰ Interview with Elzein Ahmed Adam, Pastoralist Union representative in Gedaref

⁵¹ Dr Saida Elemam M&E Director for the Ministry of Animal Resources & Fisheries (MARF)

⁵² Traders survey data (2005)

⁵³ Dr Saida Elemam M&E Director for the Ministry of Animal Resources & Fisheries (MARF)

Most people in Sudan prefer mutton to any other type of meat. The local market is a segment that should be given as much attention as the export market in terms of development and support and modernization of slaughtering facilities. In the markets there are butcheries for daily meat supply to the local household buyers. Most Sudanese people, especially those who are well off prefer to eat meat every day. This means that the demand for meat is quite high in the local market.⁵⁴ The Shuwak and Gedaref livestock markets sell meat to the Gadaref local slaughter/processing houses. The slaughterhouses sell the meat to both local communities and refugee camps. There are a number of slaughterhouses for the local communities in Gedaref state; there are big slaughterhouses in Gedaref town. There is also a small abattoir in town for training in slaughtering animals owned by MARF. Refugee camps have slaughter only slabs for animal slaughtering. All these facilities belong to the MARF and the local municipalities.⁵⁵

Sheep Skins and hides

The production of hides is at 8 million per year of sheepskins. 50% of these are exported and 50% are used in the domestic market. The major export traders for skins are traders and agents in Omdurman. In the interviews with sheep traders in Gedaref showed that the leather and skin processing industry has not yet been developed in both Gedaref and Jazeera. At government level their interest in developing the skins and hides value chain. Awareness training and technical training is required for the sheep producers to make them aware of and tap into the value in the skins and hides industry both for local consumption and export. Paying the farmers reasonable amounts per hide is necessary to encourage them to treat hides properly and to preserve them for the market. Skins are potential value addition products. At present the livestock farmers' focus is on the meat value of the animal.

3.5.2 GROUNDNUT MARKET ANALYSIS

Groundnut is one of the most important crops in Sudan especially in Jazeera and Gedaref states. It is the main cash crop in Gedaref and the crop is popular with the people in all the three states. It is a crop of major economic importance from the interviews held with key agricultural experts in Jazeera state. It caters for food security as well as the people's livelihoods as a cash crop with an export market.

The cake from the groundnut oil extraction is of high nutritive value and is used for animal feed by livestock producers. Groundnut oil is the main product from groundnuts and from the interviews with key stakeholders in Jazeera, it came clearly that oil processing is a major industry and source of incomes for majority of people in Jazeera state. The oil is extracted from the groundnuts on a large scale and of significant economic value in the state of Jazeera and Gedaref. Groundnut oil is traded across into other states – interstate trade. Groundnut crop is therefore a suitable crop for enhancing the livelihoods of the poor people through income generation, and for food security.

The straw is used as a nutrient- rich animal feed especially in the dry season. After harvest it is dried and stored. It is sold for 5 SDG/bag. The study showed that women mainly grow groundnuts, and it is a very popular cash crop. Men participate in the marketing of the crop for the household. Large-scale groundnut production is, however, done by men. Groundnut production is labour-intensive during land preparation, weeding and especially during the harvesting stage. This necessitates the

⁵⁴ Interview with Elzein Ahmed Adam, Pastoralist Union representative in Gedaref

⁵⁵ Dr Saida Elemam M&E Director for the Ministry of Animal Resources & Fisheries (MARF)

hiring of seasonal labour during the peak periods of production. A groundnut enterprise therefore contributes to job creation for both refugees and host communities.

Nuts for oil extraction, on the other hand, should have high oil content. The oil is primarily used for cooking, but it is also used in some cosmetics. Most of the groundnut oil produced in Jazeera and Gedaref is consumed in the domestic market. The traditional sector contributes more than the irrigated sector. Most of groundnut produced from the Jazeera state is irrigated while from Gedaref the crop is rain-fed or traditional.

Even though Sudan exports some of its groundnuts, it has a net deficit of groundnuts. This means that the scope to increase groundnut production is huge in Sudan both for the export market and for the local market.

3.5.3 SORGHUM MARKET ANALYSIS

Sorghum is the staple food in both Gedaref and Jazeera states, and it is the main commodity traded in the markets of both host communities and refugee camps. Producers bring their sorghum to the markets from surrounding villages. Refugee camp traders and vendors bring sorghum from nearby towns and resell to the refugee households. Because sorghum is a staple food for the local population the demand for it is high. Although most people produce the crop, there are many who do not produce it but need it. In urban centres like Gedaref, and Wad Medani, the urban population is employed and does not produce or grow sorghum – they are the consumers.

In drought years like the previous year, sorghum crop failed and so local communities have to 'import' sorghum from other states and sell the staple grain. According to the sorghum traders interviewed the sorghum trade business is profitable and the market for sorghum is large – the demand is high. One trader makes about SDG 20-25 (=USD 3.5-4.5) per bag and makes an average of SDG 100 (=USD 18) per day. In Um Elghura there are about 40-50 sorghum traders and there is room for more traders in the market. Sorghum traders reported no problems for their businesses and were quite happy with their businesses.

It was observed that most sorghum traders also own a sorghum-grinding mill and they offer the grinding service to the customers who buy sorghum from them for a fee. This is an additional business to the sale of sorghum. Labour is required to carry bags and to sell the sorghum. Labourers come from the town and there are no refugees employed. Labourers are paid SDG 1.5 (=USD 0.3) per bag carried. There are no women in the sorghum trader business. The households in Fau5 have access to irrigated farming while the households in other Um Gargour camp depend on the rain-fed farming. The main cash crop of the households in all locations is sorghum. After sorghum, the households cultivate sesame and millet, and groundnuts.

The mean production cost of sorghum/5 fedan for rain fed farming is 724 SDG (=USD 128), compared to 3,283 SDG (=USD 580) for irrigated crop. The average yield per 5 fedan for rain-fed sorghum is 10.16 sacks, compared to the irrigated sorghum yield of 42.66. The average selling price per bag is 250 SDG (=USD 44). Rain-fed production gives a gross income of 2540 SDG (=USD 449) and irrigation gives 10665 SDG (=USD 1884) per 5 fedan. The gross margin for rain-fed sorghum is 1816 SDG (=USD 320), compared to irrigated sorghum is 7382 SDG (=USD 1304).⁵⁶ The difference in

⁵⁶ UNHCR Kassala Sub-Office (2012). Livelihoods Assessment Report for Refugee Camps, Eastern Sudan; Aggregated All Camps; Livelihoods Section

sorghum production systems demonstrates that the higher the inputs households invest in farming, the higher the return they gain from it. These figures demonstrate also that the sorghum farming enterprise is a profitable business, which has equally profitable downstream businesses like sorghum trading and grinding mill services. An additional source of income from the sorghum crop is the crop residue, which is vital for livestock feeding or fodder. An average of 2000 bunches of sorghum fodder is produced per 5 feddan and is sold for 1 SDG (=USD 0.2) per bunch thus giving an extra income of 2000 SDG (=USD 353).

Some key figures for the sorghum market:

- Buying price = 220-225/90kg bag SDG (=USD 40)
- Selling price = 240 – 245/90kg bag SDG (=USD 43) (add a margin of 20-25 SDG/bag)
- Each trader sells an average of 6-7x90kg bags sorghum per day
- The whole market sells about 100-200 bags sorghum per day

The households in Fau5 have access to irrigated farming while the households in other Um Gargour camp depend on the rain-fed farming. The main cash crop of the households in all locations is sorghum. After sorghum, the households cultivate sesame, millet, and groundnuts.

3.5.4 THE VEGETABLE MARKET ANALYSIS FROM KASSALA

Interviews with key informants in the markets of both host communities and refugees indicated that there was a significant unmet demand for vegetables in the markets. The informants indicated that vegetables sold in their markets were ‘imported’ from the state of Kassala’s two towns: New Halfa and Kassala. It is therefore important to understand more about the supply source of this commodity and the circumstances for its production.

From the above brief analysis of the vegetable supply and demand market system it is clear that in order to meet the unmet demand of vegetables in Jazeera and Gedaref host community and refugee markets, there is need to assist the vendors to be able to bring the vegetables from the supply side Kassala and New Halfa cities to the demand sites. This requires for interstate market development and distribution strategies.

4 FINDINGS ON IDENTIFIED BUSINESS AND MARKET OPPORTUNITIES

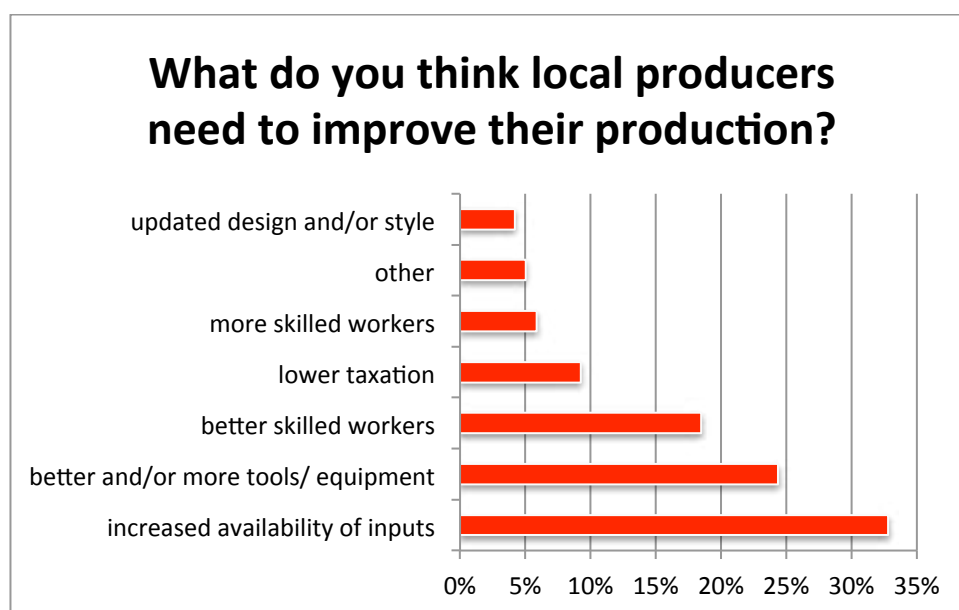
In this chapter, the findings from the quantitative survey are presented with regards to market opportunities. This is followed by an overview of potentially profitable opportunities that can be explored by refugees and host communities. Next, a more detailed description is provided of types of opportunities for small businesses, after which a score ranking and SWOT analysis of the major opportunities is presented. Next, a description is given of 6 potential business cases for East Sudan, including a preliminary feasibility study. After that, a chapter on microfinance is provided, as an important condition for starting up small businesses. Finally, some observations are presented on the absorption capacity of various sectors in the economy of East Sudan.

4.1 FINDINGS FROM THE QUANTITATIVE SURVEY

During the market survey, market vendors and service providers were asked about potential business and market opportunities. This section presents the findings.

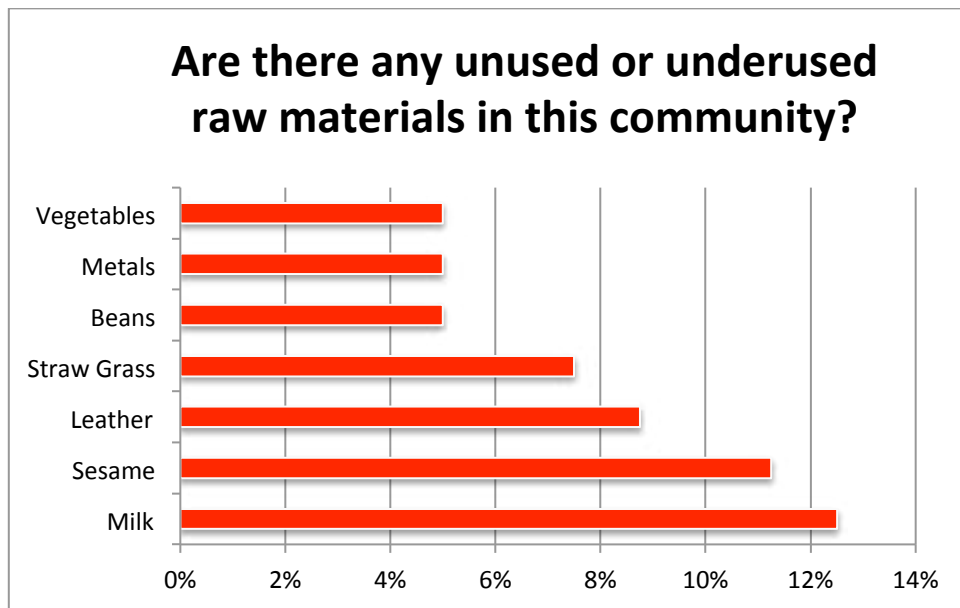
To improve their local production, market vendors indicated that local producers should increase the availability of inputs (33%), provide for better or more tools/equipment (24%), and better skilled workers (18%).

Graph 37: Local producers' major needs to improve their production according to market vendors (n=119).



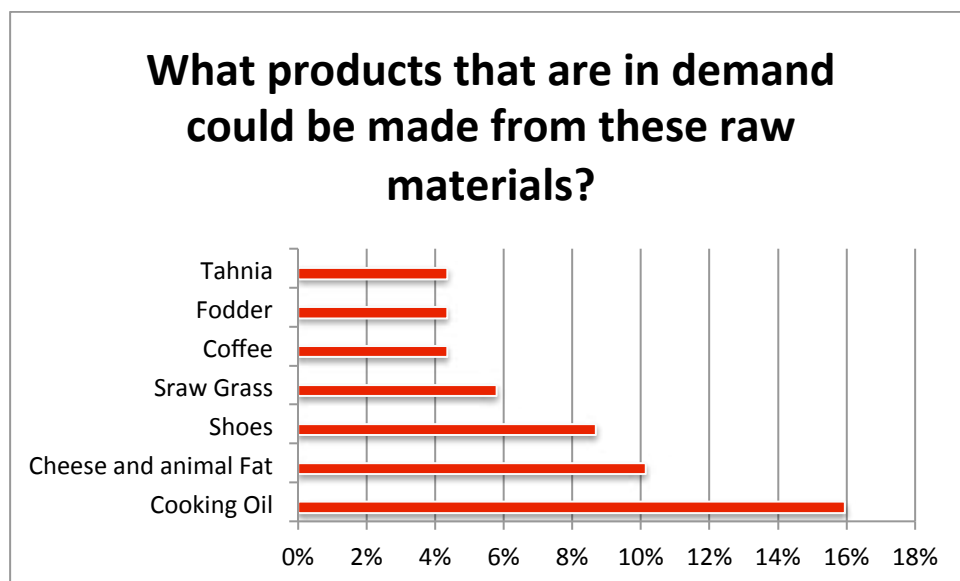
When asked for any unused or underused raw materials, vendors responded that the main un- or underused materials are milk, sesame and leather.

Graph 38: Unused or underused raw materials in this community according to market vendors (n=80).



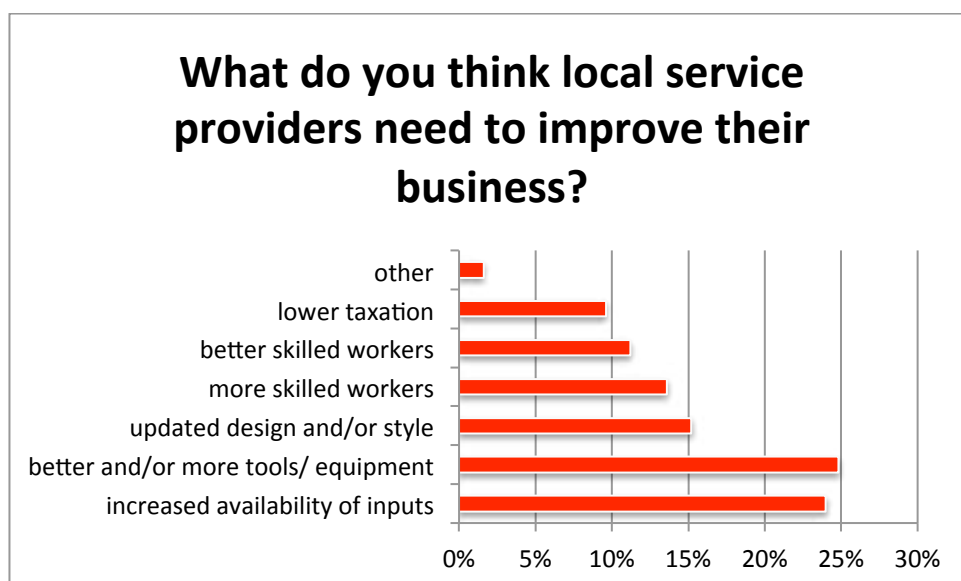
Products that could be made from these unused materials include cooking oil, cheese and animal fat and shoes.

Graph 39: Products that could be made from these raw materials according to market vendors (n=69).



Service providers indicated that the major issues for local service providers to improve their business are increased availability of inputs (24%), better or more tools/equipment (25%), and an updated design and/or style (15%).

Graph 40: Local service providers' major needs to improve their business (n=125).



The question below led to the following top 10 services.

Table 32: Services that could be provided as a new business according to service providers (n=61).

	Frequency	Percentage
Services Provision	5	8%
Transport Services	5	8%
Electricity	5	8%
Gas services	4	7%
Community Development	3	5%
Career Development	2	3%
Capital Support	2	3%
Lack of Support	2	3%
Livestock Breeding	2	3%
Services Development	2	3%
Others	29	49%

Finally, respondents were asked to answer the question below.

Table 33: Services that could be produced in this community according to service providers (n=61).

	Frequency	Percentage
Develop Electricity Service	5	11%
Community Development	4	9%
Develop Gas and Fuel Services	4	9%
Improve Livelihoods	4	9%
Develop Bakeries and Grind Mills	2	4%
Facilitate Transportation	2	4%
Commercial Centre	1	2%
Community Health	1	2%
Distribution Services	1	2%

Development		
Provide Furniture	1	2%
Others	20	46%

4.2 OVERVIEW OF POTENTIALLY PROFITABLE OPPORTUNITIES THAT CAN BE EXPLORED

The potentially profitable business opportunities have been identified through interviews with key informants, refugees and host communities, literature review and direct observation. They have been further assessed on the basis of the findings from the quantitative survey and discussion with businessmen active in the proposed sectors. They are aligned with the findings on local market dynamics and trends and the analysis by service and products and the consumers' preferences and trends.

The top market commodities/opportunities for business development In Um Gargour refugee camp, Karkora closed refugee camp and their host communities of Shuwak Town (79,644 residents in Fashaga Locality of Gedaref State, that clearly emerge from the above analysis are agricultural products (Sorghum, Sesame, Arabic Gum), Livestock (Sheep, Cattle, Goats) and Services (Electricity (production and provision, Mechanics (auto mechanics and agriculture machinery mechanics and maintenance), Building and construction- (works and supply of material). Labour is in demand in all the above businesses. According to stakeholders, the best 3 markets to develop are those related to Sheep, Sorghum, and Electricity production and distribution through fuel and solar generators.

In Fau5 refugee Camp and their host community in Um Elghura Locality, Jazeera State, where economic interaction and integration between refugees and local communities was evident, top commodities in order of importance are: Crops (Groundnuts, Sorghum, Sunflowers), Livestock (Sheep, Goats, Cattle), and Services (Building and construction material, Gas and gas cylinders and, to a minor extent any of these, Dairy production and distribution). Labour is in demand in all the above.

4.3 TYPES OF SMALL BUSINESSES THAT WOULD BE THE MOST APPROPRIATE ACTIVITIES FOR MEN, WOMEN, YOUTH, VULNERABLE GROUPS, REFUGEES AND THEIR HOST COMMUNITIES

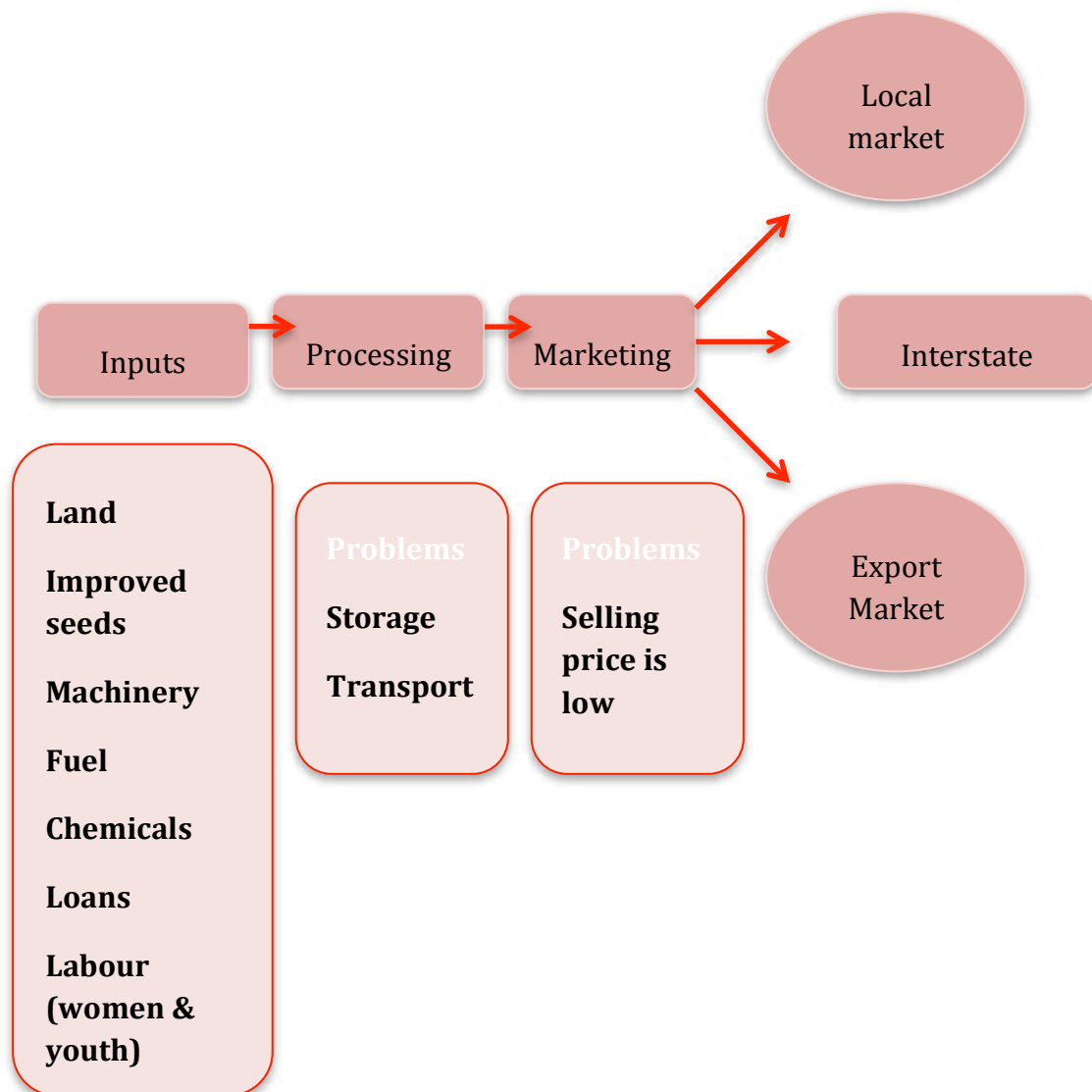
On the basis of the quantitative assessment and of the qualitative analysis of the results of the consultation of stakeholders and key informant, the small business that can be considered for immediate development in relation to specific target groups are related to products and services. In particular, for products:

- Sorghum (production, trading, processing)
- Groundnuts (production, trading, processing),
- Livestock-Sheep (production, trading, processing)
- Horticulture (production and processing and for services:
 - Electricity production and sale
 - Building of traditional houses/storages
 - Training and consulting

4.3.1 SORGHUM

Sorghum is the major food crop both Gedaref and Jazeera states, and it is the main commodity traded in the markets of both host communities and refugee camps. Business opportunities exist for Production Trading and Processing.

Graph 41: Simplified sorghum market map in Gedaref and Jazeera.



Source: stakeholders' workshop in Gedaref and Um Elghura

Sorghum production was indicated as a profitable business in the chain steps of production, trading and processing, for the following reasons:

In Production:

The production cost of	5 feddan for rain fed farming is SDG 724, compared to 3,283 SDG for irrigated crop.
The average yield	5 feddan for rain-fed sorghum is 10.16 bags compared to the irrigated sorghum yield of 42.66 bags.

The average selling price of SDG 250 per bag	5 feddan rain-fed production gives a gross income of SDG 2540 5 feddan irrigation-production gives a gross income of SDG 10665 SDG.
The gross margin	5 feddan of rain-fed sorghum gives a gross margin of SDG 1816 (=USD 321). 5 feddan of irrigated sorghum gives a gross margin of SDG 7382 (=USD 1304).
Labourers are paid SDG 1.5 per bag carried.	In Um Elghura labourers come from the town and no refugees are employed
Sorghum crop residue	5 feddan of livestock fodder give an extra income of SDG 2000 (on average 2000 bunches for SDG 1,0 per bunch).
Sorghum production	Involves almost exclusively men

In Trading:

- Trading is considered highly profitable:
 - Urban population are only consumers.
 - The sorghum demand is high, the market for sorghum is large (in drought years, traders import sorghum from other states and sell the staple grain)
 - In Um Elghura market between 100-200 sorghum bags are sold per day
 - On average traders buy at SDG 220-225/90kg bag
 - Selling is at SDG 240 – 245/90kg bag SDG.
 - The margin is SDG 20-25 SDG/bag (=USD 3.5-4.5).
 - Average selling volume per trader is at 6-7x90kg bags sorghum per day making an average profit of SDG 100 per day.
 - In Um Elghura between 40 to 50 sorghum traders are active and they stated that room for more traders exist,
- Trading is a men-exclusive business.

In Processing:

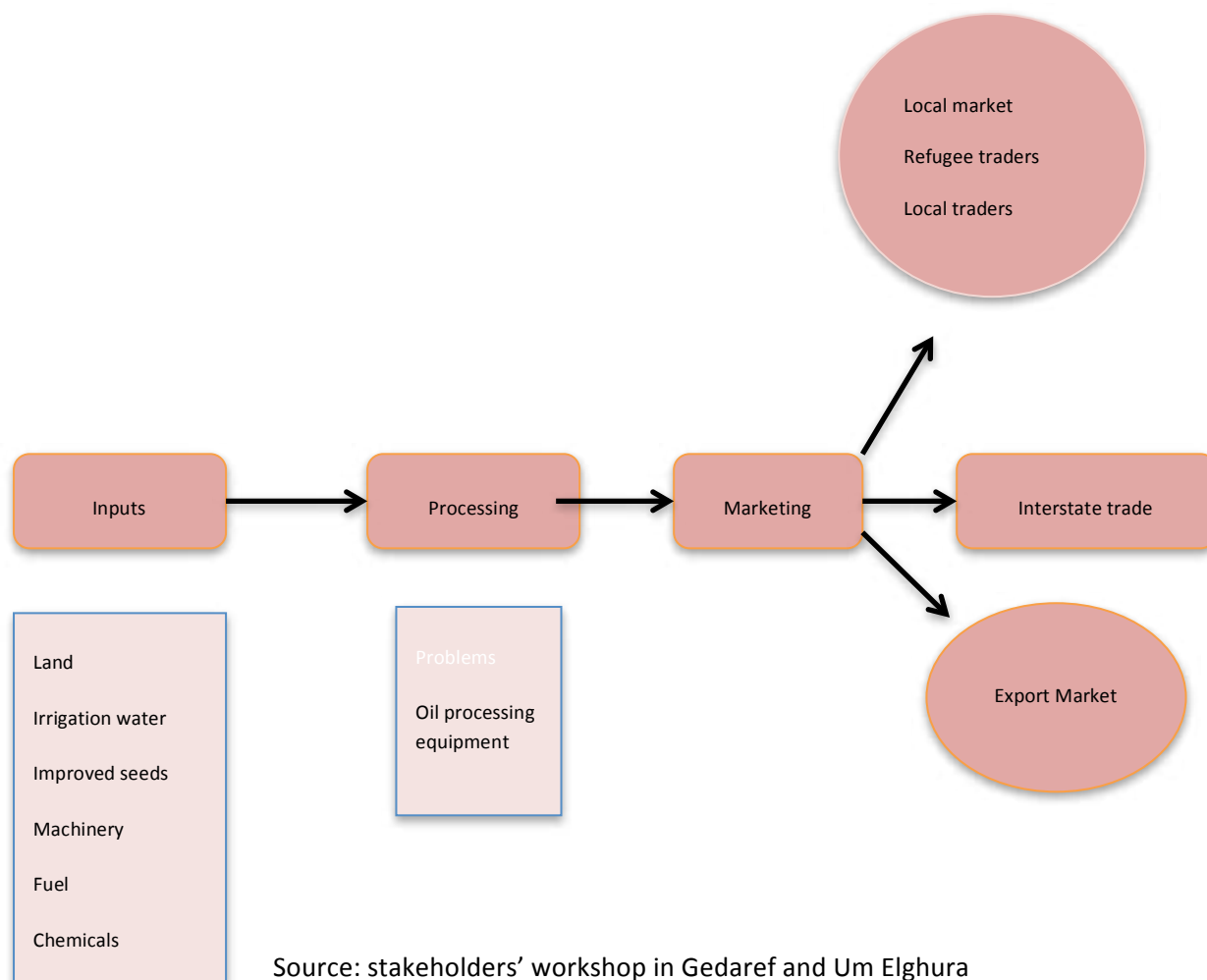
Sorghum grinding was indicated as highly profitable. Current situation in the assessed markets is that few traders offer the grinding service to the customers for a fee. A sorghum grinding mill business requires an investment in machinery (milling machine) that needs to be installed indoors. The machine can also be used for other products like millet, wheat, cassava and coffee beans. It requires a moderate investment in training and can be operated by women.

4.3.2 GROUNDNUTS

Interviews held with key informants and agricultural experts, groundnut is the main cash crop in Gedaref and a crop of major economic importance in Jazeera state. It caters for food security as well as the people's livelihoods as a cash crop with an export market. Groundnut production in Sudan is increasing since 2005.

The traditional sector contributes more than the irrigated sector. Most of groundnut produced from the Jazeera state is irrigated while from Gedaref the crop is rain-fed.

Graph 42: Simplified groundnut market map Gedaref and Jazeera.



From interviews with key informants (Business association in Gedaref and Jazeera) and stakeholders the following opportunities for business development were identified:

In Production:

- Specialised services are potentially profitable (high need, high costs, low demand):
 - MAFR data indicates that Sudan is a net importer of groundnuts. The local consumption exceeds the production levels. The scope to increase groundnut production mostly for the local market is evident.
 - Groundnut productivity levels are very low (indicatively, in 2010 Sudan, with 632kg/ha⁵⁷ produced 5.6 times less than USA, or used 5.6 or 6 times more cultivated land to produce the same amount of groundnuts as the USA). It is necessary to specify that a comparison between the USA Groundnut productivity and Sudan refugees and host community Groundnut productivity is very difficult to establish for a number of reasons including: different cultivars, high risk and uncertainty related to

⁵⁷ Handbook on Grading of Food-grains and Oilseeds, Agricultural Statistics in Various Journals and Reports

rainfall fluctuation, unstable Government export policies, conflicts outbreak, smuggling, and trafficking of produce.

- To improve yield per hectare are required: training and capacity building of farmers, producers and agricultural extension officers; use of short season varieties for Sudan's dry conditions; land preparation methods; soil fertilisation (organic or conventional)
- Labour outsourcing (services cooperatives) are potentially profitable (legal requirements, seasonal demand)
 - Women mainly grow groundnuts and men participate in the marketing of the crop for the household. Large-scale groundnut production is, however, done by men.

Groundnut production is labour-intensive during land preparation, weeding and harvesting. This necessitates the hiring of seasonal labour during the peak periods of production.

In Trading

- Construction and sharing of storage facilities for farmers
 - The traders and the farmers agree on a pre-harvest price per bag.
 - Farmers borrow money from the traders at planting they receive SDG 15-20 per 45-kg bag, a lower price than the one at harvest (seasonal variations of the prices).
 - Traders are paid SDG 35-45/bag (=USD 6-8) or about 100% profit margin.
 - Storage facilities would allow farmers to store harvest and sell the crop for better prices at market favourable time.

In Processing

- Extraction of oil and selling of by products
 - Groundnut oil is the main product and oil processing a large scale is a major industry and source of incomes in Jazeera state. Groundnut oil is a major voice of interstate trade.
 - Most of the groundnut oil produced in Sudan is consumed in the domestic market – within the groundnut producing and neighbouring states. Only the surplus oil is exported
 - The processing business has higher margin to increase profitability through technology and process efficiency of oil extraction.
 - Kernels are used fried, roasted or boiled for the table (roasted groundnut is the most popular snack in Sudan).
 - The cake from the groundnut oil extraction and the straw are used as fodder (straw is at 5 SDG/bag; cake is at SDG 8/bag).
 - The residue from nuts shelling before pressing is used in brick making

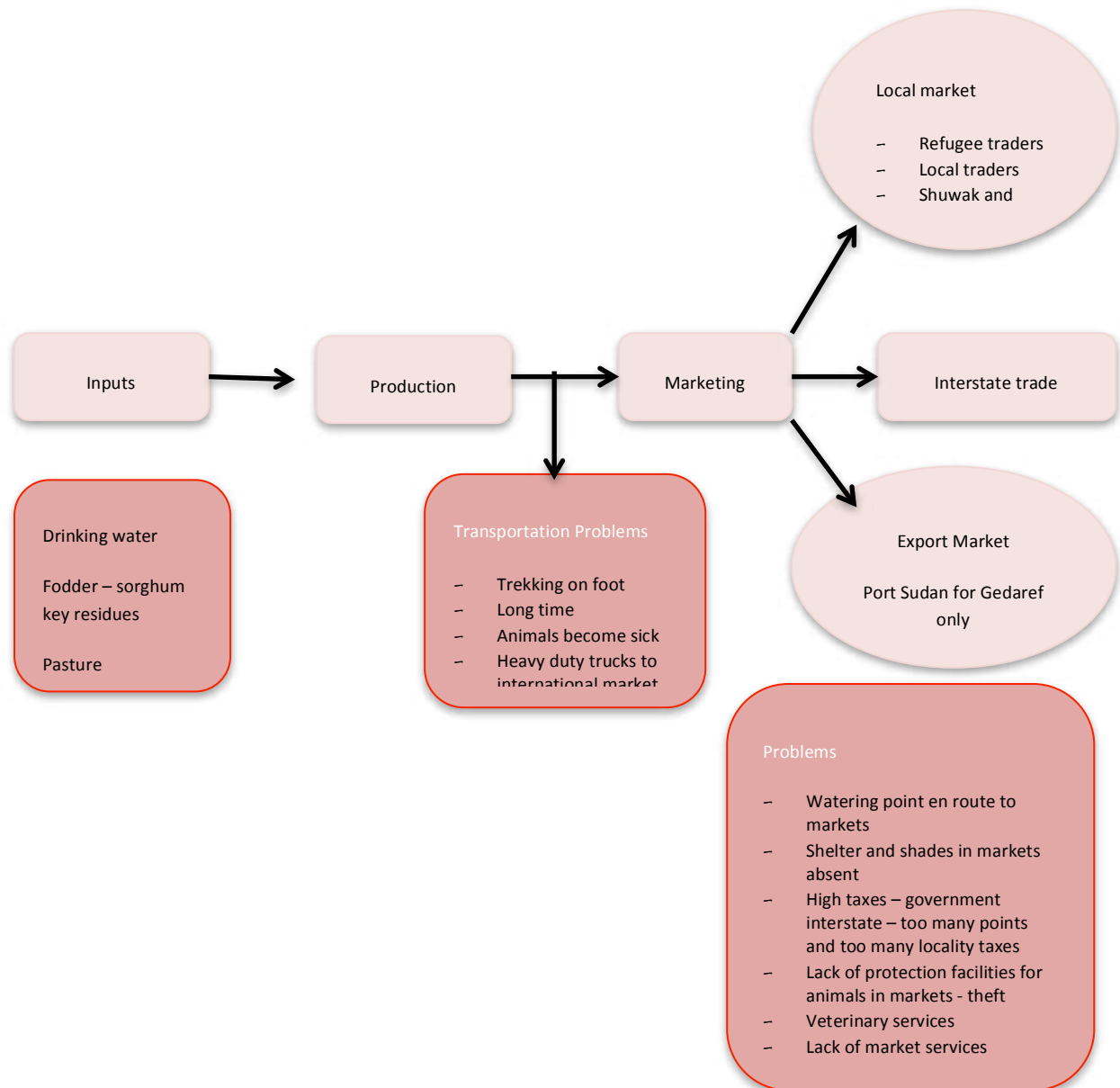
High profit small businesses are extraction of oil and by-products and groundnuts peeling. Oil extraction requires a machine that extracts oil after the peeling process (nuts, sesame, and sunflower seeds), resulting in pure oil (85%) and waste products (15%), which are used for animal feed. The by-products can also be used to produce soap. The machine can form the basis of a business for a group of five people. It requires a room for installation, as well as short training.

Groundnut peeling requires a machine that separates the kernel from the skin; it can be used also for peeling beans, sesame and sunflower seeds. It runs on diesel, and is operated at the site of production. It can cope with 500 sacks of groundnuts per day. The waste skin from the process is used as animal feed. Short training is required for correct operation.

4.3.3 SHEEP AND CATTLE

According to the Ministry of Animal Resources and Fisheries (MARF), sheep and cattle production in Gedaref and Jazeera support almost the totality of the households of primary producers.

Graph 43: Simplified sheep market map Gedaref.



Source: stakeholders' workshop in Gedaref and Um Elghura

In sheep production the Ashgal breed is in high demand by consumers in the Arab States who regard it as premium quality sheep. The average mature weight is 45kg live weight and 17kg carcass weight. The breed performs very well in both Gedaref and Jazeera states. Gedaref state has excelled in live sheep export market in the recent years, along with a favourable tariff and taxation regime.

Business opportunities in livestock production are related to jobs that support the livelihoods in the localities and refugee of primary producers working in full time jobs in sheep production, and auxiliary businesses:

- The provision of private animal health services, including veterinary and drug supply. The absence of a well-regulated market apparently boosts a black market of poor quality and cheap drugs, making a formal, standard quality private service uncompetitive.
- The sale of fodder both in the form of hiring out land for pasture and selling cut grass, crop residues and feed cakes or grains.
- Storage of feed provision (hay and concentrates);
- Rangeland and pasture rehabilitation;
- Management of Migration routes (demarcation and/or opening);
- Water provision and distribution development (hafir⁵⁸ rehabilitation, borehole and shallow wells).
- Poultry farms for women to support their households and gain additional income (e.g. Fau5 Camp's poultry farm structure that can accommodate productive laying hens (egg-laying) and women were trained in keeping poultry).

The business opportunities that have been identified in the course of discussions with traders and key informants are:

- **Trader occupation:** Access to the professional status of Trader is the result of an informal apprenticeship process. Opportunities for youth males exist. In order to quantify these opportunities a research on the current traditional/informal modality (role of masters, durations, traditional rules, culture, family implications) is necessary to develop a **formal apprenticeship scheme**, setting the occupational, and skills standards and evolve towards a progressive regulation of the profession.
- **Trading Services:** with the membership of villagers and refugees, offering outsourced labour on the following occupations bypassing the traditional intermediaries and establishing **labour outsourcing cooperatives** for the occupations of: market operators, transporters and trekking herders, workers in feedlots, abattoirs and processing plants of meat and hides, operators for water, fodder/crop residues,

Processing

According to Key informants main business opportunities refer to meat processing, livestock management, skins and hides as well as leather and tanning.

- Meat processing:
 - Shuwak and Gedaref livestock markets sell meat to the Gedaref local slaughter/processing houses.
 - The slaughterhouses sell the meat to both local communities and refugee camps.
 - Slaughterhouses are not available in both refugee camps and host communities. (A heavy capacity slaughterhouse is in Gedaref town.)
 - Key informants indicate the closing of existing slaughterhouses as the result of lobbies to centralise meat production, trade and export in Khartoum.
 - MARF established small abattoir more for training than production purpose.
 - Refugee camps and host communities have slaughter slabs facility only. All these facilities belong to the MARF and the local municipalities.⁵⁹
 - Training on meat processing, handling and packing and meat processing technology is indicated as a priority.

⁵⁸ A hafir is an underground reservoir designed for storing rainwater carried by streams and used for domestic water supply and for agricultural purposes in rural areas in the Sudan.

⁵⁹ Dr Saida Elemam M&E Director for the Ministry of Animal Resources & Fisheries (MARF)

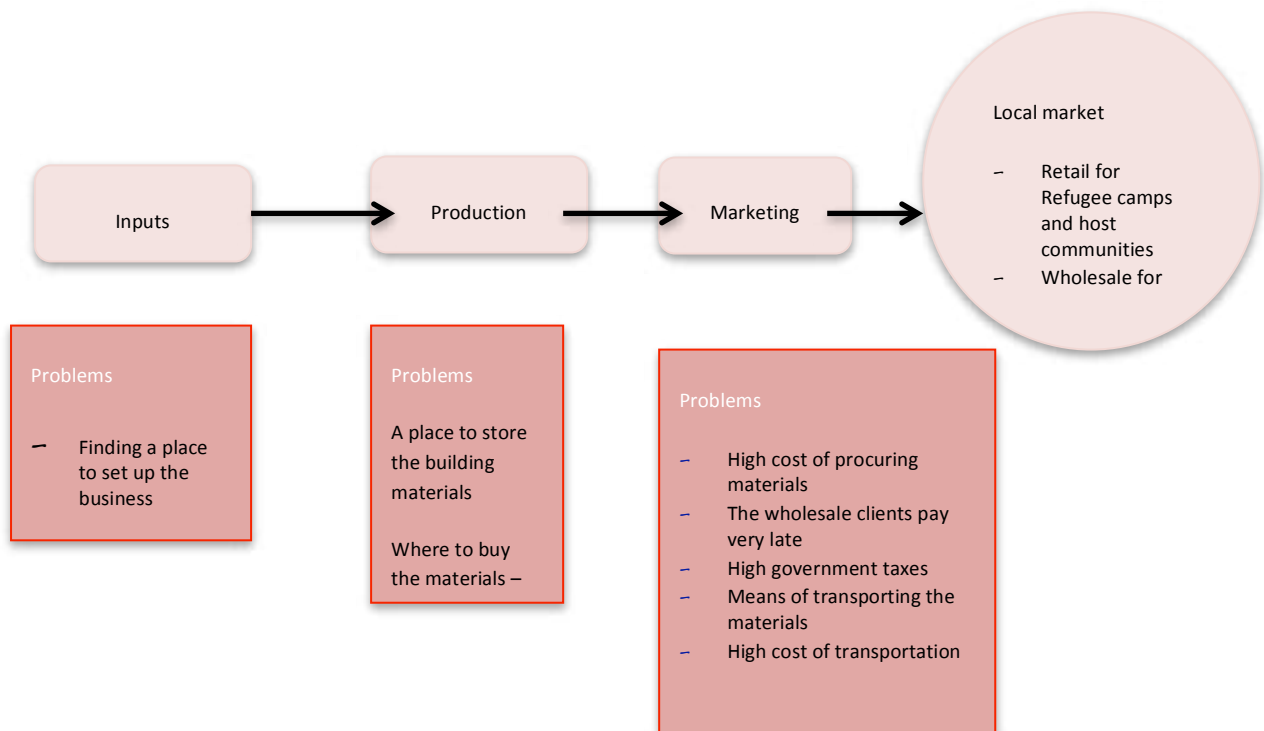
- Market information and training in business and livestock management:
 - Animal and carcass characteristics (health, quality, safety, consumer preferences, and other criteria required by importers) are well known to traders and exporters
 - That farmers sell their sheep to meet their urgent financial needs, not necessarily because the sheep have reached the selling age or weight, or demand factors
- Skins and hides
 - Leather and skin processing industry has not yet been developed in both Gedaref and Jazeera
 - Majority of skins and hides are taken to Omdurman export market by traders and agents from the two states
 - A smaller quantity is used in the domestic market (not quantified by MARF).
 - The major constraints in the skin and hide industry are: low prices per unit, lack of an organised collection system from the producers, high tanning costs, high skin defects, lack of finance, high taxes and failure to produce high quality leather.
 - Awareness training and technical training is indicated as a priority for increasing awareness of the sheep producers to treat and preserve hides properly.
- Tanning and leather:
 - No traditional tanneries at the Camp/host community level are available
 - The MARF-owned tannery in Gedaref (EU funded and equipped with German technology) is used mainly for training rather than production purposes.
 - It is equipped with machinery for tanning sheep leather only (imported chemical and low water utilisation).
 - It has a production capacity of 300 sheep leathers per month.
 - The Cow skins production is considered more profitable: cost of skin SDG 65/skin, cost of processing SDG 35/skin, sales price SDG 200/cow leather. It requires an initial investment in specific machinery cost estimated at SDG 16,000
 - Leather handicraft manufacturing (footwear and bags) for women refugees (considered skilled crafts persons)
 - TSI could support in developing training courses by the VTC and the tannery, procuring machinery and equipment that will give Gedaref Tannery the capacity to process cow leather in addition to sheep one.
- Dairy milk production
 - In Gedaref MARF is engaged in a pilot Dairy production unit for women.
 - In Jazeera Ministry of Livestock and Agriculture initiated a project on dairy production, to process the seasonal surplus of milk production and support the current dairy production that is insufficient to bridge the current dairy supply shortage.

Market analysis and key informants indicate milk processing and dairy milk production as a high-profit business opportunity. In Gedaref MARF is engaged in a pilot Dairy production unit for women.

4.3.4 BUILDING AND CONSTRUCTION

Key informants in both localities indicated building and construction among the top commodities/services in demand and areas for potential business development. One activity concerns the wholesale trade and the retail of building material. Investment in the sale of products for modern construction industry is considered very high, especially for the great variety in the types of products, from raw materials to tools and machinery.

Graph 44: Simplified building materials supply market map Jazeera.



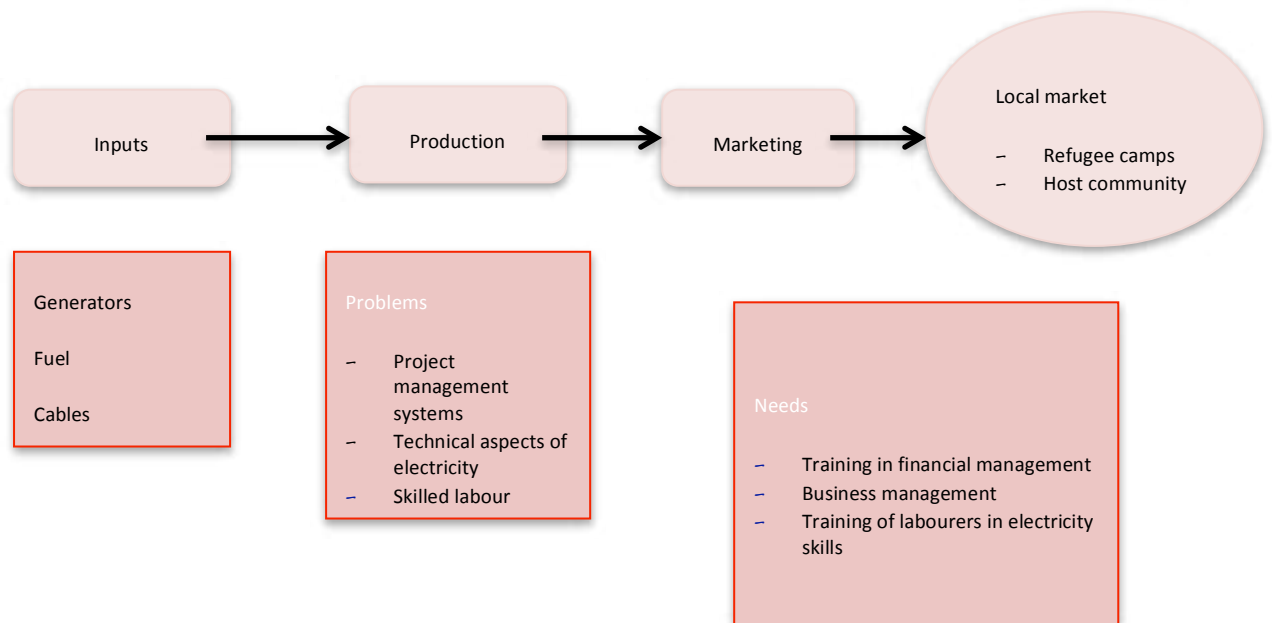
Key informants in both localities indicated building and construction among the top commodities/services in demand and areas for potential business development. One activity concerns the wholesale trade and the retail of building materials. Investment in the sale of products for modern construction industry is considered very high, especially for the great variety in the types of products, from raw materials to tools and machinery.

The start-up and development of micro construction companies operating in the sector of traditional buildings for home, micro-production and storage appears to be more feasible based on the analysis of the target population conducted during the course of this market assessment. The construction of an average *tukul* to be used for storage or kitchen services is considered a high profit business. An example of high-profit small enterprise is Brick manufacturing –The machinery is all manually operated and has a production capacity of about 500 bricks per day. The bricks are left in the sun to dry for just 24 hours. Raw materials needed are sand (70%), mud (22%) and cement (8%). The mixture is placed in a mould and pressure applied. Minimal training is needed (one day).⁶⁰

⁶⁰ Source: stakeholders' workshop in Gedaref and Um Elghura

4.3.5 ELECTRICITY PRODUCTION AND SALE

Graph 45: Simplified electricity supply market map Gedaref.



Key informants in both localities indicated electricity production among the top services in demand and with potential for high-profit business development. The activity consists of producing electricity through a stand-by generator (fuel operated) that can service up to 1000 appliances. The minimum service package includes the provision of energy for 3 appliances per household per 8 hours (in the evening). Wiring from houses to the generator is the responsibility of the buyers. A gross margin overview is provided in chapter 4.3.

4.3.6 THE HORTICULTURE POTENTIAL OPPORTUNITY

Interviews with key informants in the markets of both host communities and refugees indicated that there was a significant unmet demand for vegetables in the markets. The informants indicated that vegetables sold in their markets were ‘imported’ from the state of Kassala’s two towns: New Halfa and Kassala.

In Gedaref state horticulture is not developed. Local authorities in Shuwak Town indicated interesting development prospects around the Saiteet Dam where the riparian zones (same scheme as for the riparian area along the Gash and Atbara rivers in Kassala state) will be devoted to horticultural production (fruit and vegetables) for sale in the local markets and processing of fruit pulp for juice production.

The silt from the upstream has appropriate water permeability and water retention and is rich in nutrients. Thousands of hectares of flood irrigated agricultural lands are expected to be reclaimed and horticultural products as tomatoes, cucumber, green pepper, pigeon peas, and fodder grass.

Full employment of labour from host community and refugee markets is expected as well as an increase of vendors’ capacity supply local demand without depending from Kassala and New Halfa

Business opportunities will also arise from the need to develop markets, storage and distribution for retail activities.

Considering the situation in the areas of refugee camps and host communities, a high-profit business could be the extraction of Mango pulp. After adding preservatives the pulp is sold to factories that produce packaged juice. It requires a diesel-operated pulp Machine.

4.4 SCORE RANKING OF OPPORTUNITIES AND PRELIMINARY INDICATIONS FOR FEASIBILITY OF BUSINESS OPPORTUNITIES

The business opportunities are ranked utilizing simple scoring criteria of low, medium and high profitability that has been established on the basis of the gross profit margin (obtained by subtracting the cost of sales from net sales/revenues).

Data to compile the ranking were obtained from interviews with key informants, business operators, direct knowledge and experience of the team members and direct observation in the course of the MA in camps and host communities.

The businesses are considered as joint endeavours between refugees and host communities, in line with the TSI overall approach. Differences in profitability between Gedaref and Jazeera are indicative since they have been derived from qualitative assessment and informal discussions.

Six discrete business summaries and 6 business feasibility overviews are provided. They contain preliminary indications concerning a non-exhaustive sample of opportunities. More research and in depth analysis is required to assess their concrete viability and profitability through specific feasibility studies and business plans that TSI might consider for support.

In the course of the assessment, it was very difficult to establish the number or the specific % of people that could be absorbed in the proposed new businesses, as this requires detailed product/sector specific feasibility studies, which were not in the scope of this study.

Also, the absorption capacity of the local economy in terms of the number of specific businesses that could be viable further depends on possible investment made in the sub-sectors. For example, introducing appropriate technologies and value chain development-type of interventions, would increase the number of people that could be absorbed in a specific sub-sector.

Despite these limitations, we have tried to provide a rough estimate of the number of people that could be provided with employment under each business opportunity proposed. The numbers are given under each business case.

Table 34: SWOT analysis of business opportunities.

Legend: A= high-profit, B = medium, C=low

Business opportunity	Gedaref: Um Ghargour, Korkora , Shuwak	Jazeera Fau5, Um Elghura	SWOT analysis
Sorghum production	B	B	S: Main food crop W: Unpredictable yields in rain fed areas

Business opportunity	Gedaref: Um Ghargour, Korkora, Shuwak	Jazeera Fau5, Um Elghura	SWOT analysis
			<p>O: Further income from fodder. Storage for marketing management</p> <p>T: Decreasing land productivity</p>
Sorghum trading	A	A	<p>S: Staple food in demand in every household</p> <p>W: poor market and infrastructure and access to trading guilds</p> <p>O: Demand for more trading operators</p> <p>T: Import from neighbouring countries with lower production costs by wholesale traders</p>
Sorghum grinding	A	A	<p>S: High demand</p> <p>W: Cost regulated by traders</p> <p>O: Simple technology</p> <p>T: Cooperative-based conflicting with trader--run business</p>
Groundnuts production	B	B	<p>S: Top cash crop</p> <p>W: Sale at harvest pick less profitable</p> <p>O: Storage facilities</p> <p>T: Decreasing land productivity</p>
Groundnuts trading	A	A	<p>S: Top cash crop</p> <p>W: Market and Storage infrastructure</p> <p>O: Room for more traders existing</p> <p>T: Import from neighbouring countries by wholesale traders</p>
Groundnuts oil extraction	B	A	<p>S: high demand</p> <p>W: Credit for Investment</p> <p>O: Technology easy to operate</p> <p>T: Regular supply (in Gedaref) of raw material</p>
Groundnuts peeling	A	A	<p>S: High demand</p> <p>W: Credit for Investment</p> <p>O: Multiple market of products</p> <p>T: Regular supply of a typically seasonal raw material</p>
Sheep production	B	B	<p>S: High internal and export demand</p> <p>W: Farmers and pastoralist competition</p> <p>O: Genetic improvements of existing breeds</p> <p>T: Increasing costs of fodder. Water access and herds roads and passage regulation problems</p>
Sheep trading	A	A	<p>S: Premium breed for export markets</p> <p>W: Market regulation and taxation</p> <p>O: Live animals and processed meat possibility</p> <p>T: High local consumption, internal market competing with higher prices export market</p>
Sheep skins and hides (Tanning)	A	B	<p>S: Demand of local and national market high</p> <p>W: Producers' low carefulness of raw material (leathers)</p> <p>O: Growing local leather and footwear production</p> <p>T: 4 small tanneries in Jazeera state. None in Gedaref</p>

Business opportunity	Gedaref: Um Ghargour, Korkora, Shuwak	Jazeera Fau5, Um Elghura	SWOT analysis
Dairy milk production	A	A	S: High demand in local markets W: Know how, infrastructures, distribution network O: Cow productivity improved through genetic T: Consumer attitudes on prices and quality. Unreliable milk production
Building and construction traditional housing	B	B	S: High demand for private and productive buildings W: Know-how and manpower available in households O: Semi-skilled labour and raw material availability T: Diminishing prices of bricks and cement
Building and construction brick manufacturing	A	A	S: High demand W: Competition of tradition brick manufacturing O: Mobility and proximity to construction sites T: Regular input supply
Electricity production and sale	A	A	S: Demand in Camps and locality high and growing W: Wiring to production units left to final consumers O: Easily adaptable to growing demand T: Growing competition, additional supply by new dam-based power stations
Horticulture production	C	B	S: High demand in local markets W: No current production in Gedaref and no local transport, storage and distribution facilities O: New production conditions in both localities (lake areas in Gedaref, new lots in Um Elghura) T: Farmer know-how, scarce training services, medium term ROE from fruit production
Horticulture. Pulp extraction	C	B	S: High demand of final product W: Few final product industries (juice production) O: Technology affordable and high margins T: In Gedaref, Saleet Dam Lakes are not yet completed, in Um Elghura farmers reluctant to invest in horticulture
Private Training and consulting services	C	B	S: Increasing demand W: Public extension services provided at almost no costs O: Shortage of established local companies and individual professionals T: Cost of private services not affordable by small farmers

On the basis of the MA and data/information collected through key informants and direct observation, an initial profitability assessment of business on: sheep production, sheep trading, tanning, groundnuts production, traditional building construction, electricity production and sale.

Table 35: Business 1: Sheep production.

Cost item	Costs (SDG/head/ month)	Income (SDG/head/year)
Gross income selling price of 1 sheep		950
Two lambs grow to maturity @ 850		1700
Cost of 1 female sheep = cost price	750	
Fodder 50 x 12 /m	500	
Water 10x12/m	120	
Medication & animal health care 10x 12/m	120	
Vaccination	10	
Labour (herder) 15 x 12/m	180	
Tax per animal to village market	20	
Total costs	1700	
Total income		2650
Gross margin per sheep	SDG 950 (=USD 168)	

Source: Interview with the sheep farmer and head of sheep traders in Um Elghura

A precise assessment of how many sheep one owner should have to reach a feasible sheep production capacity cannot be established because of it would require a feasibility analysis of the variables that goes beyond the scope of this market assessment, e.g. the amount of funds available, the government export policies, the states and locality charges, and the amount of rain fall. However, on the basis of discussions with key informants and direct knowledge of the members of the team, it is reasonable to assume that 10 sheep (1 male and 9 females) in the best-case scenario would become around 20-30 Sheep with a ratio of deaths/sickness at about 5%. Minimum quantity of people for profitable business: 2

Table 36: Business 2: Sheep trading.

Cost Item*	Costs (SDG/head/day)	Income (SDG/head)
Water cost	5	
Food and pasture cost	10	
Purchase price of sheep	950	2000
Fencing and security costs at market	5	
Death/sickness 5%	48.5	
Total Costs	1.018.5	
Total revenue		2000
Gross Margin/sheep	SDG 981.5 (=USD 173)	

Source: Interview with Balal Bahlul Aliman; sheep farmer & head of sheep traders Um Elghura

*The cost of moving the animal (transporters and trekking herders (or 'drovers'), once at the markets, cost of the workers, water, fodder/crop residues used in feed lots) from local, secondary markets to terminal markets could not be calculated and requires further investigation. On deaths/sickness, as a result of interviews with key informants and direct knowledge by the team members, an average case scenario, would be at about 5% ratio. Minimum quantity of people for profitable business: 2

Table 37: Business 3: Tanning.

Cost Item*	Costs (SDG) per skin	Sales price (SDG)
Sheep skins	25	75
Processing (chemicals, water, etc.)	25	
Sheep leather machinery	Funded by EU	
Infrastructure and Labour*	Government	
Total Costs	50	
Gross Margin/sheep leather		SDG 25 (USD 4.4)

Source: MARF Gedaref State

* The cost of infrastructure and labour could not be determined since the tanning business summary was compiled through direct observation of the MARF pilot Tannery in Gedaref, which mostly operates as a training-cum-production unit. Minimum quantity of people for profitable business: 3

Table 38: Business 4: groundnuts production.

Cost Item	Cost (SDG) harvesting season	Mid dry season	End of the dry season
Seed	150		
Land preparation	25		
Land rent	500		
Irrigation water	50		
Planting	40		
Weeding	70		
Harvesting	50		
Separation (12 bags x5 SDG)	80		
Packaging (15 bagsx3)	36		
Transport (15 bagsx4)	60		
Government tax/bag	360		
Total Cost	685		
Income			
Yield = 50 bags/feddan at price SDG 75-100-200	3750	5000	10000
Gross margin from groundnuts	3065	4315	9315
Income from residues			
Yield = 100 bags x25 SDG/bag	2500	2500	2500
Total Gross margin	SDG 5565 (=USD 983)	6815 (=USD 1204)	11815 (=USD 2087)

Source: Key informants in both localities

Minimum quantity of people for profitable business: 2

Table 39: Business 5: traditional building construction.

Cost Item*	Quantity	Unit cost SDG	Total cost SDG
Roof structure	20 polls	35	700
Roof straw	3 carts	50	150
Ropes	1 hank	100	100
Wooden joists	30	10	300
Mud	5 carts	90	450
Grass/stubble	2 carts	100	200
Support posts	12	50	1200
Plaster	1 cart	100	100
Fixtures	1 door, 2 windows	300	300
Labour	7 w/d	50	750
Total Costs			4250
Average price			6000
Gross Margin			SDG 1750 (=USD 309)

Source: Owners of companies and key informants in both states building

Minimum quantity of people for profitable business: 2

Table 40: Business 6: electricity production and sale.

Cost Item*	Quantity	Unit cost SDG	Total cost SDG
Initial investment Stand by heavy-duty generator	1	10,000	10,000
Running costs			
Fuel	360 gallons/6 month	15	5400
Lubricating oil	6 gallon/ 6 month	110	660
Maintenance	6 month	300/month	1800
Labour	1 operator/6 month	2250	13500
Total Running Costs/month			21360
Sale of product/6 month	6000 appliances	10	60,000
Gross Margin			SDG 28640 (=USD 5060)

Source: Owners of companies and key informants in both states

Minimum quantity of people for profitable business: 2

4.5 PRE-FEASIBILITY OF 6 POTENTIAL BUSINESS CASES FOR EAST SUDAN INCLUDING CONSTRAINTS PRACTICAL SOLUTIONS TO ADDRESS THEM

On the basis of the Market assessment and data/information collected through key informants and direct observation, an pre-feasibility is provided on 6 potential business in agro-pastoral prevailing environments on: small scale grinding mills, oil extraction and by-products,

1. Sorghum grinding mill. In the assessed markets, sorghum grinding was indicated as highly profitable as it is offered/controlled by a small number of traders who offer the grinding service to the customers for a fee. A sorghum grinding mill business requires an investment in machinery (a bladed milling machine) that runs on diesel and needs to be installed indoors. The machine can also be used for other products like millet, wheat, cassava and coffee beans. It requires a moderate investment in training estimated in 2 days and can be operated by women. Minimum quantity of people for profitable business: 2

Table 41: Business overview of Sorghum grinding mill.

Start-up capital and investment input	Time taken to acquire input	Supplier of input	Cost of input (SDG)	Total (SDG)
Land	Immediate	Proprietor	500	500
Workshop	One week	Proprietor	1,500	1,500
Equipment input milling machine	—	—	15,000	15,000
Recurring input				
Costs (sorghum, wheat, cassava and coffee) 10 bags per day	—	—	SDG 350 x 10	3,500
Energy input per week	—	—	400	400
Labour input per day	—	—	2 x SDG 50	100
Proprietor	Immediate	Proprietor	—	—
Family	Immediate	Family	—	2,000
Total cost				SDG 23,000 (=USD 4063)

Revenue/Expense Projection

Description	Revenue (SDG)	Expenses (SDG)
Sale of product (milled sorghum, wheat, cassava and coffee) @ SDG 400 per bag; 10 bags x SDG 400 x 6 days	24,000	
Labour cost per week	—	700

Energy per week	—	400
Recurring input cost per week	—	14,000
Total	SDG 24,000 (=USD 4240)	SDG 15,100 (=USD 2668)

Potential profit = SDG 24000 (revenue) – SDG 15,100 (expenses) = SDG 8,900 (=USD 1572)

2. Extraction of oil and by-products – In the assessed markets and in stakeholders’ workshops, this small-scale business has been indicated as highly profitable. On the basis of a business for a group of five people, it requires an investment in a machine that extracts oil after the peeling process (nuts, sesame, and sunflower seeds). It produces pure oil (85%) and waste products (15%), which are used for animal feed. The by-products can also be used to produce soap. The machine runs on diesel and needs to be installed indoors. It requires a moderate investment in training estimated in 3 days and can be operated by women. Minimum quantity of people for profitable business: 2

Table 42: Business overview of Extraction of oil and by-products.

Start-up capital and investment inputs	Time taken to acquire input	Supplier of input	Cost of input (SDG)	Total (SDG)
Land	Immediate	Proprietor	500	500
Workshop	1 week	Proprietor	1,500	1,500
Equipment input – oil extraction machine	—	—	25,000	25,000
Recurring input costs (raw material)-10 bags per day	—	—	3,500	3,500
Energy cost	—	—	400	400
Labour input:	—	—	3 x SDG 50	150
Proprietor	Immediate	Proprietor	—	—
Family	Immediate	Family	—	150
Total cost			SDG 31,200 (=USD 5512)	

Revenue/expense projections

Description	Revenue (SDG)	Expenses (SDG)
Sale of products (high quality sesame oil @ SDG 25 per litre: 500l/day, 500l x 6 days)	75,000	—
(Nut or sesame waste products used as feed)	21,000	—

@ SDG 20 per kg 150kg x 7 day		
Cost of input recovery replacement	—	350
Labour cost per week	—	1,050
Recurring input per week	—	10,500
Energy cost	—	400
Total cost	SDG 96,000 (=USD 16,961)	SDG 12,300 (=USD 2173)

Potential profit = SDG 96,000 (revenue) – SDG 12,300 (expenses) = SDG 83,700 (=USD 14,788) for oil, waste products will generate additional income.

3 Brick manufacturing – In the assessed markets and in stakeholders’ workshops, this small-scale business has been indicated as highly profitable. A small-scale business (up to 5 people) requires an investment on manually operated machinery with production capacity of about 500 bricks per day. The bricks are left in the sun to dry for just 24 hours. The needed raw materials include sand (70%), mud (22%) and cement (8%). The mixture is placed in a mould and pressure applied. It requires minimal training (one day). This is a men dominated business. Minimum quantity of people for profitable business: 3

Table 43: Business overview of Brick manufacturing.

Start-up and investment input	Time taken to acquire input	Supplier of input	Cost of input (SDG)	Total (SDG)
Land	Immediate	Proprietor	1,000	1,000
Workshop	2 days	Proprietor	500	500
Total				1,500
Equipment input:	—	—	—	—
(Mixer or processor)	—	—	10,000	10,000
Manual machine for compressing	—	—	10,000	10,000
Total				21,650
Recurring input cost (raw material):				
Sand	—	—	300	300
Mud	—	—	300	300
Cement	—	—	60	60
Water	—	—	20	20
Total				680
Labour input:	—	—	3 x SDG 50	150
Proprietor	Immediate	Proprietor	150	150
3 people business	Immediate	Family	—	—
Total				300
TOTAL COST				SDG 22,630 (=USD 3998)

Revenue/Expense Projections

Description	Revenue (SDG)	Expenses (SDG)
Sale of products: 1 brick (weight 8kg) @ SDG 5 2,500 bricks/day x SDG 5 x 6 days	75,000	—
Labour costs per week	—	1,050
Recurring input (raw material) per week	—	1,820
Total cost	SDG 75,000 (=USD 13,250)	SDG 2,870 (=USD 507)

Potential Profit = SDG 75,000 (revenue) – SDG 2,870 (expenses) = SDG 72,130 (=USD 12,743)

4. Groundnuts peeling machine In the assessed markets and in stakeholders' workshops and discussions with key informants, this small-scale business (up to 5 people) has been indicated as highly profitable. It requires an investment on a machine to be operated at the site of production, which runs on diesel and that separates the kernel from the skin. It is also used for peeling beans, sesame and sunflower seeds. The machine can reach a productive capacity of 500 bags of peanuts per day. The waste skin from the process is used as animal food. It requires a training investment (2 days) and it can be operated by women. Minimum quantity of people for profitable business: 3

Table 44: Business overview of Groundnuts peeling machine.

Start-up capital and investment input	Time to acquire input	Supplier of input	Cost of input (SDG)	Total (SDG)
Land	Immediate	Proprietor	500	500
Workshop	1 week	Proprietor	1,500	1,500
Equipment input: Peeling machine	–	–	30,000	30,000
Recurring input costs (raw material) –500 bags of peanuts x 208 peak production days per year out of 312 working days.	–	–	SDG 15 per bag	1,560,000
Energy input	–	–	400 (x 32 week)	12,800
Labour input	–	–	50x2 x 32 weeks	19,200
Proprietor	Immediate	Proprietor	–	
Total	-	-	–	SDG 1,622,000 (=USD 286,572)

Revenue/expense projection

Description	Revenue (SDG)	Expenses (SDG)
Sales of products Preparation Peanuts for pressing		
Sales of Peanuts peel 1 bag @ SDG 20 x 500 bags x 6 days x 32 weeks	3,120,000	—

Cost of input, recovery replacement (depreciation at 10% machine cost)	—	1,563,000
Labour cost	—	19,200
Energy	—	12,800
Total	SDG 3,120,000 (=USD 551,236)	SDG 1,595,000 (=USD 281,802)

Potential profit = SDG 3,120,000 (revenue) – SDG **1,595,000** (expenses) = SDG 1,525,000 (=USD 269,434)

The annual peak season of production (Groundnuts peeling) is from early November (after the harvest) up to late June (before the next rainy season). In this period of about 32 weeks, the producers process at the maximum capacity levels. On annual basis (52 weeks), the average production would be at 333 bags per day. On weekly basis (52 weeks), potential profit would total at SDG 29,326 (=USD 5181).

5 Dairy milk products (jersey cheese/white cheese/yoghurt) – In the assessed markets, stakeholders' workshops and discussions with key informants, models of small-scale business (up to 10 people) mostly in the form of small producer cooperatives, dairy milk products were discussed and identified as highly profitable. Required investment in machinery and tools are minimal, operation need dedicated but small production sites and minimal refrigerated storage capacity. It is labour intensive and requires adaptation to seasonal production peaks. It requires a training investment (2 weeks) and it is women business. Minimum quantity of people for profitable business: 3.

Table 45: Business overview of Dairy milk products.

Start up capital and investment input	Time taken to acquire input	Supplier of input	Cost of input (SDG)	Total (SDG)
Land	Immediate	Proprietor	500	500
Workshop, training and transport	One week	Proprietor	500	500
Equipment input	—	—		
250 lit of stainless steel tank	—	—	4,000	4,000
Two aluminium containers	—	—	1,500	1,500
Packing equipment			2,000	2,000
Knives	—	—	250	250
Stainless steel table	—	—	750	750
Butane gas	—	—	300	300
Gas heater	—	—	250	250
Recurring input Cost (raw material)				
Milk 750l per day	—	—	1,000	1,000
Salt 500mg	—	—	2	2
Coagulator micro organism (M.Z)	—	—	100	100
Labour Input (per day)	—	—	3x50 SDG	150

Start up capital and investment input	Time taken to acquire input	Supplier of input	Cost of input (SDG)	Total (SDG)
Proprietor	Immediate	Proprietor	—	—
Group business	Immediate	Group	—	—
Total				SDG 11,302 (=USD 1997)

Revenue/Expense Projections

Description	Revenue (SDG)	Expenses (SDG)
Sale of products:	—	—
Jersey cheese 15kg x SDG 40 x 6 day	3,600	—
White cheese (feta) 15kg x SDG 30 x 7 days	3,150	—
Yogurt 45kg x SDG 10 x 6 days	2,700	—
Labour cost	—	1,050
Cost of input, recovery replacement (depreciation at 10% machine cost)	—	5,107
Total	9,450 (=USD 1670)	6,157 (=USD 1088)

Potential Profit margin = SDG 9,900 (revenue) – SDG 6,157 (expenses) = SDG 3,743 (=USD 661)

6. Pulp Machine – In the assessed markets and in stakeholders' workshops and discussions with key informants, this small-scale business (up to 5 people) has been indicated as highly profitable in both states since (Gedaref) mango is found in large quantities in Kassala and to a lesser extent, in Jazeera. It requires an investment on a diesel-operated machine that extracts the pulp of the fruit. It requires also the use of preservatives before the pulp is taken to factories that produce packaged juice. Minimum quantity of people for profitable business: 2

Table 46: Business overview of Pulp Machine.

Start-up capital and investment inputs	Time taken to acquire input	Supplier input	Cost of input (SDG)	Total (SDG)
Land	Immediate	Proprietor	500	500
Workshop	One week	Proprietor	1,500	1,500
Equipment input:	—	—	—	—
Pulp machine	—	—	30,000	30,000
Plastic tank	—	—	SDG 200 x 5	1,000
Sodium benzoate	—	—	50	50
Energy per week	—	—	400	400
Total	—	—	—	33,450
Recurring input cost (raw material 5 ton) per day	—	—	SDG 100 x 5	50
Labour input per day	—	—	50 SDG x 3	150
Proprietor	Immediate	Proprietor	150	150

Start-up capital and investment inputs	Time taken to acquire input	Supplier input	Cost of input (SDG)	Total (SDG)
Three people's business	Immediate	Family	—	—
Total cost				SDG 33,800 (=USD 5972)

Revenue/expense projection

Description	Revenue (SDG)	Expenses (SDG)
Sales of pulp products	—	—
1 tonnes/day @ 400l/tonne = 2,000l/day 2,000l x 6 days = 12,000l 1l = 15 SDG	12,000l x SDG 15 = 180,000	—
Cost of recovery replacement per week (depreciation at 10% machine cost)	—	300
Labour cost	—	1,050
Costs of inputs	—	3,500
Energy cost per week	—	400
Total cost	SDG 180,000 (=USD 31,802)	SDG 5,300 (=USD 936)

Potential profit = SDG 180,000 (revenue) – SDG 5,300 (expenses) = SDG 174,700 (=USD 30866)

4.6 MICROFINANCE

During the market assessment, the potential for microfinance was also assessed. The main findings are described in this section.

About 10 bank branches provide formal financial services around the host communities and camps in Gadaref and only one bank branch provide services around the host communities and refugees camp, in Um Algora locality, In Al Jazeera State.

In Gedaref state

Microfinance services to refugees and host communities are offered by the Gedaref Microfinance Institution established in 2006 as "Social Development Foundation", which then became MFI, licensed by the Central Bank of Sudan (CBS). Micro finance services to refugees in Gedaref state by Gedaref Microfinance Institution commenced in 2013.

- It offers: 1) financial services (micro loans, micro-savings and micro insurance through another insurance company) and 2) non-financial services (training and TA)
- It targets nationals and refugees above age of 18, 60% for women.
- The first loan is up to SDG 3,000 (=USD 530) and it can grow up to SDG 4,500 (=USD 795) its repayments are regular.
- So far 1036 clients (projects) out of which 425 for refugees. The 2014 target is to reach 8,000 clients (projects).

- Repayment rates are higher among the members of the host communities than the refugees. The livelihood committee of the Refugees camp is providing the guarantee for the refugees.

According to the Gedaref Microfinance Institution's implementation experience, the repayment percentage of the refugees is about 50% whilst the repayment percentage of the host communities' members is 100%. The reasons indicated for the lower percentage of repayment by the refugees, are:

- The dependency of the refugees on aid provided to them by UN agencies and INGOs, which has resulted in an attitude whereby they tend to consider microfinance as aid money.
- The absence of identity cards and formal documents for refugees.
- The low capacity by the refugees to provide adequate guarantees for financing due to the fact that they do not have the right to open bank accounts and utilise bank services.
- The low awareness by the local committees and final beneficiaries in the refugee camps due to the lack of training on microfinance.

In Jazeera State

El Jazeera Microfinance Institution⁶¹, established in 2010 provides microfinance services for the host communities through its branch in Um Elghura locality but does not provide its services directly to refugees that benefit indirectly through sharing participation and in land farming with the beneficiary.

In addition to micro-credit for income generating activities, it provides products and services like micro loans and micro-savings. The loans can reach up to 6000 SDG (=USD 1060) and they are eligible for Sudanese nationals above the age of 18.

Refugees in Fau5 camp access micro credits through UNHCR's implementing partner SRC. In 2013, UNHCR through one its implementing partners engaged a specialized microfinance institution, KSDF (Kassala Social Development Foundation) that streamlined microfinance services in all camps using the Islamic modalities. Loan amounts ranged from SDG 500 - 4000 (=USD 88-706) for various income generating activities/ businesses.

The vast majority of microfinance loan products are traditional *murabaha* (sale and mark-up) contracts priced at 12-18% a year, and most (88%) are provided as individual loans. One bank is also providing *mugawala* (turnkey loans) to farmers, but neither *mudaraba* nor *musharaka* products (see box below) appear to be offered to microfinance customers by any of the banks.

The most active banks in the host communities and localities in Gedaref and Jazeera are indicated in the table below.

⁶¹ Source: www.geziramfi.org

Table 47: Banks in Gadaref and Aljazeera, which have branches around the host communities.

Bank	Ownership	Branches	
		Gadaref	Aljazera
Agricultural Bank of Sudan	Government	1	1
Animal Resources Bank	Government	1	0
Farmers Commercial bank	Government	1	0
Savings & Social Development Bank	Government	1	0
Omdurman National Bank	Government/private	1	0
Nilein Bank	Private	1	0
Neel Bank	Private	1	0
Khartoum Bank	Private	1	0
Labour bank	Private	1	0
Faisal Islamic Bank	Private	1	0
Total		10	1

It was also found that NGOs, both national and international, are making an effort to boost microfinance in the two states, as indicated in the table below.

Table 48: Examples of NGO projects to facilitate microfinance in Gadaref State.

NGO	Activity description	Comments
IPs of the International Labour Organization (ILO)	Training of rural women, women empowerment, loans for rural women in groups	
Gedaref Microfinance Institution	Financial and non-financial services. Financial services: (micro loans, micro-savings and micro insurance. Non-financial services (training and TA)	It targets nationals and refugees above age of 18, 60% for women
Ma'an organisation	Training. Formation of local CBOs for loans and saving	
Zainab organisation	Loans for small women farmers Rural women development.	
General Women Union	Microfinance for women	

Table 49: Examples of NGO projects to facilitate microfinance in Al Jazeera State.

NGO	Activity description	Comments
Jazeera microfinance institution	Financial services (micro loans, micro-savings.	Does not offers its services directly to refugees
Sudanese Red Crescent	- Vocational training for refugees - Loans for refugees - Loans grow up to 4,500 SDG (=USD 795)	The refugees asking for increasing loan amount as this amount is not enough to cover projects' needs.

4.7 ABSORPTION CAPACITY OF PEOPLE POTENTIALLY BENEFITING FROM PROMINENT BUSINESS OPPORTUNITIES

Absorption capacity varies across the different sectors of the economy. It is affected by the extent of activity within each sector as well as the external environment. Sectors with particularly high levels of activity across the two states are agriculture, services, livestock and trade. Key informants assess the absorption capacity of the local markets in the localities covered by the MA as mirroring the level of activities the agricultural, livestock, small manufacturing (industry) and small retail.

In the absence of Labour Market Information and Analysis system (LMIAS) and practices of regular reporting by on standard Key Indicators of Labour Market (KILM), the Labour Department of the two states (which fall under the responsibility of the State Ministries of Finance) provided some general indications about local labour markets and their absorption capacity.

The following are the most promising sectors in the localities covered by the MA in terms of absorption capacity:

- **Agricultural sector**

Most of the population of the localities covered by the MA in Gedaref and Jazeera states depends for their livelihood on agriculture and animal production, labour administrations, relevant line ministries and employers organizations (Business Chamber, Businessmen Association and Pastoralist Union). They estimate that agricultural and pastoral sectors together occupy more than 60% of the working-age population, and indicate that agriculture sector suffers from an acute shortage of labour as the consequence of multiple factors, the main being the separation of South Sudan and an increasing number of Sudanese national workers that left agriculture to work in gold mining. Despite the fact that, In addition to migration, the agricultural sector has been severely affected by the loss of large tracts of land, key informants concur that labour absorption in this sector will increase as the states introduces modern agricultural techniques and alternative crops, expands the use of irrigation and becomes increasingly reliant on modern machinery.

The Businessmen Association in Gedaref estimates up to 250,000 the number of agricultural seasonal workers from Ethiopia filling the manpower gap in the peak-harvesting season in year 2013. They also indicated scarcity of agricultural machinery- tractor and truck- operators (skilled workers) in excess of 5000. In this respect, refugees could be an asset to agriculture and animal production and services, if work permits are issued, legal barriers to access to land for farming are removed or relaxed, access to Vocational training increased, and microfinance threshold increased.

In Gedaref, the State Dam (SD) is expected to be complete by 2014. The Shuwak Municipal authority indicated that the dam lake is expected to boost horticultural production and fisheries industry, in addition to the generation of electric power largely exceeding the current consumption of both Gedaref and Kassala States, and contribute to solving the chronic problem of water supply in Gedaref. The project currently employs about 2,000 workers and is expected to reach up to 4,000 at the end of the current year. In addition to the need for skilled and maintenance workers, high demands for jobs is expected in horticulture and fisheries.

As previously analysed, in the concerned localities where access to markets and equipment is more readily available, food processing, such as the production of juice, dairy products or biscuits and pasta would contribute to absorption capacity within the agricultural sector and manufacturing sectors.

In the locality of Gedaref state, more that in Jazeera, this sector already absorbs a large proportion of the labour force but there are still opportunities to absorb more, especially if the private sector

invests in animal production such as poultry farming, farms for fattened cattle, dairy farms and leather factories, as well as in rural infrastructures like bore holes and wells to improve access to water. Animal trade has also a large absorption capacity potential for many occupation related to it like: market operators, transporters and trekking herders, workers in feedlots, abattoirs and processing plants of meat and hides, operators for water, fodder/crop residues.

- **Service sector**

Trade activity absorbs a high number of people in both localities and has a lot of promise should construction of roads, bridges (Um Elghura case) and airport (a new one is expected in Gedaref, close by Fashaga locality) be realized. The establishment of small industries around the proposed business opportunities, for which modest capital is needed to start up, can be successful if raw materials and purchasing power are available. This is also true of handicrafts. The two States have rich and varied cultures that provide potential for tourism development, particularly after peace and security have been reinstalled in eastern Sudan.

People in the above sectors require services such as food, healthcare, water, electricity, education, training, transport, guidance, counselling and consulting. There is also a need for institutions to provide these services, whether private sector or public sector, creating further demand for employment.

- **Public sector**

Job placement opportunities in the public sector for refugees have so far been obstructed by legal requirements and, when Sudanese nationality is acquired, they lack required certificates and experience. Government institutions in the assessed localities, have confirmed that they cope with scarce resources to carry out their annual plans, and can offer very limited opportunities for employment.

Opportunities for job creation

The proposed business opportunities are expected to create demand for jobs and boost employment for refugees and host communities in the two states. Small enterprises or cooperatives can be supported in offsetting labour and technology in:

- Food production
- Building materials and metal
- Agriculture, animal resources and dairy production
- Fishery farms
- Tanneries to further capitalise on animal resources
- Horticultural production (fruit suitable for juice, vegetables)
- Cultivation of wild fruits and gum Arabic
- Oil extraction and canning

Finally, key informants indicated that in camps and host communities there is scope to boost local economies through labour-based small infrastructure and /or environmental related projects for which the establishment of service cooperative would be a viable organizational solution. The Joint Programme targets both refugees and host communities. The immediate host communities within the surrounding villages of Girba, Kilo 26 and Um Gargour refugee camps, have been determined on the basis of land ownership, proximity and social and economic integration. In addition, the larger

towns of Girba and Showak, locality capitals in Girba and Fashaga localities respectively, have been identified. Direct and indirect beneficiaries (more significantly) will be locality-wide.

Table 50: Potential beneficiaries' figures for refugees and host communities⁶².

Beneficiaries Community	Type	Locality	Total Population	Male	Female
Elgirba	Refugees	Elgirba	5,573	2,607	2,966
El Girba town	Hosting	El Girba	37,600	17,672	19928
Um Gamis	Hosting	Elgirba	900	350	550
Elsharafa	Hosting	Elgirba	7,000	3220	3780
Andala	Hosting	Elgirba	4500	2160	2340
Kilo 26 Camp	Refugees	Elgirba	7,640	3,651	3,989
Kilo 26 Arab	Hosting	Elgirba	4,720	2,266	2,454
Um Alkheer	Hosting	Elgirba	750	360	390
Al Shwak Town	Hosting	Fashaga	79,644	37,433	42,211
Um Gargur	Refugees	Fashaga	8,552	4,320	4,232
Karkora	Closed refugees	Fashaga	4,000	1,920	2,080
El mogata'a	Hosting	Fashaga	2,000	1,040	960
TOTAL			162,879	76,999	85,880

⁶² UNDP-UNHCR (2012). Joint Programme Transition Solutions Initiative For Refugees and their communities in Eastern Sudan.

5 RECOMMENDATIONS FOR SPECIFIC BUSINESS DEVELOPMENT STRATEGIES (SERVICES) AND FOR GENDER-RESPONSIVE PROGRAMMING

In this section, recommendations are made for specific business development strategies to enhance business opportunities for the refugees and host communities in East Sudan, based on an extensive analysis. This is followed by an analysis of the gender components and recommendations on gender-responsive programming.

5.1.1 ANALYSIS OF BUSINESS DEVELOPMENT STRATEGIES

Sufficient quality and quantity of services are vital to support business opportunities for refugees and host communities. Basic economic services that support the economy are skills training opportunities, access to finance, business development services, agricultural extension services, veterinary services, water, electricity and communications, as well as a good network of roads and other means of transport.

There is a severe lack of business development services in the two states. For example, training related to entrepreneurship and management skills for self-employment is crucial to boost employment and the development of small enterprises. However, formal business training is almost non-existent.

The **Sudanese Businessmen Association in Gedaref** supports Commerce (retail and wholesale trading), import-export, agriculture and livestock, micro and small production enterprises. Refugee farmers are members of the Chamber (either with Sudanese citizenship and/or work permits) and other Ethiopian nationals are members as individual farmers with Sudanese citizenship or associated (informally) with Sudanese farmers.

Same pattern applies to micro and small retail, service and production enterprises. The Association needs for providing more and better services to the members entail: Association's antennas in more localities, more (10 units) better skilled staff at the Association Office, training on BDS provision and management.

The Association estimates that services in demand concern: professional consulting services, specialised VT in livestock management, agriculture machinery maintenance. The private sector should be involved in the provision of business training and mentoring. Currently services are provided by individual experts/trainers or consulting firms from Khartoum. Their fees and conditions are not affordable for the Association and the majority of its members, let alone potential entrepreneurs in refugee camps and host communities.

The **Jazeera Chamber of Industries** is formed by 450 industries, 1700 traders. The members are active in the main productive sectors of cotton (production and spinning,) oil production (sesame, sunflower and groundnuts), food processing industry (Tahnia Sweets, pasta, dairy products), chemical industry (soap, detergents), tanneries (4 units), meat production (slaughterhouse under construction) and wholesale and retail trading. No Refugee farmer or trader is currently a member of the Chamber but no objection if they meet the criteria set by the law.

The Chamber plans to re-train and upgrade the skills of its staff at Medani and in the 7 antenna offices in different localities, to be able to offer more and better BDS to member on areas like technology advice for industries, support to trading profession, training on manufacturing production and technology upgrading.

The **Umelgura Municipality** indicated that the local market dynamics are tightly related to the evolution of the Rahad irrigation and the increasing problems it faces regarding a progressive productivity decreasing. The main services it provides (farmers bank, microfinance, extension and veterinary services, skills training) are partially provided by the Scheme, NGOs and Youth associations. New services in demand include purified water production and management, livestock genetics improvement (private veterinary services start to be available), agro mechanics, service cooperative establishment and management, dairy production, horticultural production and related value chain, garbage collection and recycling/disposal management, all require skills development support through capacity building and training (feasibility studies on plastic recycling machine carried out by the Rahad scheme projects. Possible TSI support)

The **Shuwak Municipality**, in Fashaga locality, indicated that the on-going construction of the Saleet Dam open perspectives for horticultural production (fruit and vegetables), fish farming, fishing equipment, fish processing, cold storage, marketing and distribution. Fish farms, (boats). The services of banking and microfinance, extension and veterinary available in the area are not sufficient while BDS, skills in horticultural and fishery production and organizations (e.g. Producers and service cooperatives) are not available.

The **Directorate of Labour administration in Gedaref** is part of the State Ministry of Finance and it comprises a total of 35 professional staff, (increasing to 30 that would be sufficient if well trained). The services provided are: registration, job matching and placement for the private sector (up to 100 per year), inspection, skills development, work permit issuing, recruitment for the government administration), dispute resolution for enterprises in the private sector.

The Department is also responsible for assessment of skills in demand. According to the Department the sectors of building and construction, infrastructures and utilities, food processing, wastage management and recycling (in cooperation with the municipalities in the localities) fall short of skilled manpower. Work permits for refugees were issued at an average of 50-100 per month. Now the issuing is currently stopped.

The Department is responsible of 2 Vocational Training Centres, which are operational at 50% of planned capacity and they do not currently enrol refugees. A new VTC is to be built with UNDP support and expected to train also refugees. The Labour directorate targets as priority group women participation in training programmes staff 35,

According to estimates from the Department and the Businessmen Association, in Gedaref about 250,000 seasonal migrant workers from Ethiopia fill the manpower gap. Refugees are also into seasonal works but farmers generally consider them as less productive because “spoiled by protracted assistance”.

Seasonal migrant workers are provided with work permits by Sudanese border authorities. Unofficial cross border labour migration is also taking place on a scale that is not quantified. Seasonal workers earn up to SDG 1500 (=USD 265) per month. All contracts and labour relations related to the agriculture sector are out of the jurisdiction of the Department of Labour. The Ministry of Agriculture and Farmers’ Unions regulate these contracts. Job matching in agricultural seasonal works is left to private intermediation.

The **Jazeera State Department of Labour** is under the State Ministry of Finance. Its 50 staff are decentralised in 7 localities. It provides registration of labour and enterprises, resolution of labour dispute in the private sector, labour inspection (not in agriculture, according to the 1997 law), collective contracts application, labour force survey (2011) and forwarding of unemployed and school dropouts to VT at the ministry of Education’s technical schools.

The multipurpose VTC, once under the Federal Ministry of Labour, is now under the State Ministry of Education as Technical College. The office participated to the 2010 labour market survey by the Federal Ministry of Labour and the Central Statistic authority and still issue quarterly update on registered unemployment.

It has no capacity to provide comprehensive labour market information and analysis (LMIAs) or active labour market services like job canvassing, job matching, and counselling and self-employment promotion. It does not offer any specific service for specific target groups including refugees.

The State Ministry of **Education** is responsible for Vocational Training. It manages 17 technical schools that cannot satisfy the demands in terms of access, quality (curricula. Material, equipment, TOT) and relevance (obsolete programmes). School keep on offering programmes on electricity, building and construction, welding and metalworking, auto mechanics. The practical component of the programmes is drastically reduced for the deteriorated conditions of the school workshops (equipment, consumable, material).

Programmes for skills in high demand like IT, water management (water resources and canalisation system), waste management, recycling and disposal, dairy production and food processing have been planned but resources are not available even to start them on pilot basis.

The Ministry serves 36 villages around Fau5 camp with primary and secondary education. In Umelgura a new technical school is under construction by the Municipality and is expected to be operational by June 2015

The **Ministries for Animal Resources (MARF) in Gedaref and Ministry of Agriculture and Livestock in Jazeera** concur with the analysis of other key informant (e.g. Business Associations, Pastoralist Union in Gedaref, Municipality authorities in Shuwak and Um Elgura) that point out major difficulties in the provision of extension services. In particular, extension services departments are understaffed, under-equipped and under-financed, so are barely able to provide any meaningful services beyond the urban centres. International and national development partners have filled gaps but coverage is far from being satisfactory.

Ministries have indicated that training courses for Community Animal Health Workers (CAHWs), targeting different rural areas have also contributed to improve the provision of extension services. Moreover, Extension and training services (animal rearing, breeding, feeding, farm management) for agro pastoralists has increased awareness among livestock producers and farmers and new demands arise for further services. According to both Ministries, refugees have same access to extension service as the farmers in the communities.

The services targeted animal husbandry, breeding, feeding and health, management of milk seasonal surplus to support dairy production and avoid spoilage milk processing, fodder production and storage (hay bales), slaughtering, Chicken rearing project, genetic improvement (e.g. the Centre in Medani for the improvement of local breeds of Botana and Kinana), Ashgal sheep breed in Gedaref.

The ministries of livestock/agriculture and Finance and the University of Jazeera re-launched the role of service and producer cooperatives. Only 5 cooperative are still active in Jazeera State.

5.1.2 RECOMMENDATIONS FOR SPECIFIC BUSINESS DEVELOPMENT STRATEGIES (SERVICES)

- TSI programme could invest in providing BDS management to the staff of the Association and support for the establishment of specific antennas in the host communities/refugee camps to provide services tailored to the local scale of business.
- TSI programme could consider linking up with other programmes focused on business development (e.g. Know about, Generate, Start and Improve your business, My COOP (ILO) or COMFAR (UNIDO)).
- TSI programme could invest in creating a pool of business counsellors to follow up on the TSI participants, helping boost business growth, and sustainability.
- TSI could also involve local business people to mentor and coach new entrepreneurs, making them part of their chains of production and value chains.
- TSI could provide support to service provision in Um Elghura through knowledge, skills development VT, research (e.g. Feasibility studies on plastic recycling technology partially carried out by the Rahad scheme).
- TSI could provide support on horticultural training for production and management of the dedicated areas under the Rahad scheme.
- TSI could provide support to strengthening existing training and extension services in Shuwak and exploring feasibility of new services in demand for the new sectors of horticultural and fishery in Shuwak.
- TSI could provide support to the Department of Labour of Gedaref and Jazeera on active labour market measures like: training needs assessment, LMIAs, employment services, establishment of private employment agencies (service cooperatives) managing labour outsourcing
- TSI could provide support to the VTCs by linking short courses offered by mobile units in the refugee camps to regular programmes offered by the VTCs. This can be done by designing courses as modules providing credits upon completion and leading to a formal qualification when the established number of credits is achieved.
- TSI could also support the adoption of a mechanism of recognition of prior learning or competences acquired by refugees through non-formal learning and working experience. This would open to the possibility acquiring a qualification (e.g. skilled worker or junior technician) by the mean of formal testing organised at the VTCs (e.g. UNESCO BEAR programme, UNESCO-IFAD Learning Knowledge and Skills for Improving Agriculture and Rural Livelihoods”).
- TSI could also promote training of trainers of VTCs and technical schools in both States on the adoption of curricula and programmes in trades in demand and include technical and entrepreneurial skills development modules in on-going programmes (e.g. ILO’s Know about business, ILO TREE-training for rural economic empowerment).
- TSI could partner with the Um Elghura Vocational Training School for the inclusion of modular courses for youth leading to a national qualification and short specialising courses for adults.
- TSI programme should strengthen VT and extension services at local levels also through the promotion of private suppliers.
- TSI support should be provided on consumer and service cooperatives as efficient hubs for the procurement, provision and rationalisation of extension services for cooperative members.
- TSI should reconsider microfinance conditions and partner with public and private microfinance institutions to increase the credit threshold, also taking into consideration the introduction of an indexation mechanism in relation to the high inflation and currency

depreciation e.g. SUDIA's MF threshold up SDG 10,000 (=USD 1767) and credit access restructured /collaterals and guarantees).

- TSI should support the establishment of self-help groups, social sustainable enterprises, service groups or cooperatives for promoting saving and credit schemes for housing construction including the procurement and sale of B&C building material, storage and transport.
- The programme could provide support (financial and technical training) for start up and management of micro-enterprises on electricity production technology and equipment (solar)
- Finally, there is need for a more gender-responsive programming in the TSI programme, for which specific recommendations are included in the report.

5.1.3 ANALYSIS AND RECOMMENDATIONS FOR GENDER-RESPONSIVE PROGRAMMING

The findings of the study revealed deep-rooted gender stereotypes about women based on the cultural and traditional norms and values. According to the cultural, traditional and religious norms, women should stay indoors and not to be involved in public business activities. In most of Jazeera and Gedaref states the team observed and learned that culturally women are not even mentioned in matters pertaining to business. Business and moneymaking matters is the sole domain of the male gender. Women are culturally not allowed to run businesses except in and around their homes. It is culturally accepted that that it is best for the women to stay in their homes and not be engaged outside in business activities. However with proper awareness of the benefits of women empowerment, such cultural norms and mind-sets can be changed or transformed and both women and men can work together and contribute to the economic and financial welfare of the household.

The restrictions on women economic activities and movements result in marginalisation, and disadvantaging about 50% of the economically active section of the population being. This cultural, traditional and religious restriction of women marginalises women and results in a disadvantaged section of the women segment of the population. Women under such systems are disempowered and disfranchised. The situation is quite prevalent in both the host communities and the refugee communities of Jazeera and Gedaref states. In the study the team observed the following critical factors, which limit women engagement in serious and profitable businesses that can empower them economically and financially:

Restricted access to markets

Since women are not allowed to partake in business activities outside of their homes, and the most profitable businesses happen outside women's homes in the public market places; it therefore means that women run insignificant business activities in both Jazeera and Gedaref. Such businesses do not generate sufficient incomes to accomplish anything in the households. Thus the women will always be dependent on their male counterparts. Such cultural and religious or socio-economic restrictions on women severely marginalise the women capacities and potential economic empowerment and leadership are negative and call for transformation. A woman's potential to contribute to the household income and livelihoods can be unleashed through progressive and transformative gender-responsive programming. It is therefore recommended that the TSI programme adopt the gender-responsive and transformative programming strategies.

Women in livestock markets, agricultural, and other markets

In an interview with the cattle and sheep traders in Um Elghura in Jazeera, it was stated plainly that women are not involved in livestock markets because it is not culturally acceptable for a woman to be seen in the sheep and cattle markets. The job is too difficult for the women and it is best that they concentrate on other easier household tasks at home, which are more “feminine” and suitable for women. The problem however is that women are not paid for those household duties. This situation is the same in the refugee camps and in the host communities in both Jazeera and Gedaref. All market stalls in the refugee camps visited belong to men and only one woman owns a stall in the camps visited during the market study. She owns a teashop and most people boycott her shop because she is a woman who dares to go out there in the market place and run her own business.

Common income generating activities (IGAs) for women in Jazera and Gedaref

The common income generating activities (IGAs) for women in Jazeera and Gedaref are food processing and sewing. Women also run sheep and goat trader businesses in the refugee camps, at a very limited and insignificant level because their movements are restricted as described above. Another economic area where women are involved is food processing, particularly milk and milk products. Women are also involved in sorghum and groundnut production. However, in most of these agricultural enterprises, women are only involved as labour suppliers, and not as entrepreneurs or producers.

Access to land and other productive resources

The norm in Gedaref and Jazeera is that men, the household heads own land and the women do not own land. Women-headed households have equal access to land as men-headed households, because they inherit the land from their husbands. There has been limited gender-responsive work done in Jazeera and Gedaref and women are in the back seat as far as economic development is concerned. “Women are neither heard nor seen on the development scene” – this is how to summarise the position of women in economic development in Gedaref and in Jazeera.

Implications for of the gender challenges for TSI programming

From this assessment and the analysis of the gender situation, the TSI programme has to spearhead gender-responsive programming, programme design and implementation. There seems to be very little to no previous gender-responsive work to build on at this stage. The TSI programme has to address the gender issues and build in gender responsiveness into its programme. This can be accomplished through designing a strong gender-responsive and gender inclusive programme that will address these socio-economic imbalances and improve the economic status of women, men and youth. A number of strategies can be applied to TSI gender-based programme design.

A recommended gender-responsive programming for the TSI programme

Gender and social inclusion into the TSI programme involves to the process of assessing the needs and implications of interventions of men and women within the programme, of different ethnic, age, education, marital status and income levels. The gender analysis information from the baseline study is then used to design, implement and monitor the TSI programme interventions in such a manner that it contributes to more equal economic gender relations and conflict transformation.⁶³ In order to achieve gender and social inclusion in programming the following model can be adopted which summarises the steps of gender-responsive mainstreaming approaches and strategies from data collection, through to implementation and finally to monitoring and evaluation – the model is

⁶³ DRC GESI report

summarised in the below table: The table summarises the recommended gender-responsive programme design process.

Sorghum, groundnuts, sheep, goats, food processing

A gender-responsive programming is necessary for the target population to ensure that the increase in economic opportunities leads to women's empowerment and will not only contribute to reducing their workload and the exploitation of their labour. The tangible impact of a gender-responsive programme is tangible economic and financial improvement for the women, men and youth. In Gedaref, the study showed that women and youth provide labour in sorghum, sheep and goat production. Strategies for ensuring women economic would include:

- Assisting women to own land and to grow sorghum for themselves and market it instead of just providing their labour. Women should have access to productive resources and this will give them decision-making power in the markets.
- Women can be assisted to develop small livestock – sheep and goats enterprises for themselves. This can be accomplished through giving the women sheep and goats breeding stock to assist them to become livestock owners. This can be done through a restocking programme for women.
- Projects like these will ensure that women are economically empowered.
- In Jazeera women and youth provide labour in irrigated groundnut production, sheep and goat production, especially during the cultivation and harvesting stages of crops. In this case women in the irrigation schemes can be assisted to rent plots and grow their own groundnuts for the market and make direct income instead of providing labour only.

The TSI programme should ensure that the systemic change in the markets actually leads to increased income for both men and women of the different gender, age, and ethnic groups. Gender-responsive programming should ensure that:

- Marginalised and disadvantaged women access to and participation in markets is enhanced
- Women and disadvantaged groups are able to upgrade to a higher income levels, productivity and better working conditions like better wage salaries
- Workload is more equally shared among men and women leading to more balanced economic gender relations.

The key issues that must be addressed in gender-responsive programming are; the heavy workloads on women in the households and childbearing; the legal framework; the politicisation of resources and assets; control over revenues; and child labour exploitation of the poor. The table below elaborates the different gender-responsive and transformative strategies that are recommended for the TSI programme.

Table 51: Gender responsive and transformative strategies.

	Gender Analysis Processes	Gender-based programming and Programme design	Gender-sensitive Monitoring and Evaluation (M&E) system
Gender Awareness strategies for TSI programme	<ul style="list-style-type: none"> • TSI should do a detailed gender analysis of the target population in order to understand the different roles and responsibilities of women and men and therefore design effective gender-responsive programming. 	<ul style="list-style-type: none"> • Identify the markets where women are involved and how these can be improved to enhance the women’s businesses in the market systems – women are involved in sheep and goat production; sorghum and groundnut production • Prioritize the development of women dominated sectors of the market system or value chains 	<ul style="list-style-type: none"> • TSI should design a gender-sensitive M&E system which will be able to assess whether, women, men, youth from all social groups are economically better off as a result of the TSI programme. • Data collection and analysis should be gender disaggregated.
	<ul style="list-style-type: none"> • TSI should do a detailed Value Chain Analysis of the selected markets in order to identify the gaps and areas of intervention; and to be able to map out specific areas of the market chain where women are involved using the Gender Enterprise Market Mapping (GEM) tool. 	<ul style="list-style-type: none"> • Designs gender-responsive programmes that are informed by both the value chain analysis and the gender baseline analysis. 	<ul style="list-style-type: none"> • TSI should define the specific gender-sensitive indicators on gender equality and social inclusion in the TSI programme. • Monitor and evaluate women’s involvement and their influence on the project goals. • Revise and iterate the project strategy to deepen women’s participation in the TSI programme.
	<ul style="list-style-type: none"> • Understand women’s workloads including their childcare duties 	<ul style="list-style-type: none"> • TSI should design programmes that empower women economically without creating additional burden on them in terms of balancing work, childcare and other duties 	
	<ul style="list-style-type: none"> • Recognize the cultural and socio-economic context of women in the market systems, value chains, and in the community. • Identify economic barriers to the economic development and empowerment of women 	<ul style="list-style-type: none"> • TSI should recruit and utilize women project officers, extension officers and business coaches who will be able to reach women entrepreneurs and farmers. Train the women, youth and men in business management skills that will enhance their income generation activities. 	

	Gender Analysis Processes	Gender-based programming and Programme design	Gender-sensitive Monitoring and Evaluation (M&E) system
Gender transformative strategies for the TSI programme	<ul style="list-style-type: none"> • Opportunities for women’s economic empowerment 	<ul style="list-style-type: none"> • TSI should invest in the value chains or markets where women are involved – the groundnut market system in Jazeera, the sorghum market in Gedaref and the sheep and goat markets in both Jazeera and Gedaref. In addition the TSI programme should invest in the food processing e.g. milk, groundnut oil where women are involved. 	<ul style="list-style-type: none"> • Economic success indicators: • Improved market chain efficiency and productivity
	<ul style="list-style-type: none"> • Empowerment of the poorest 	<ul style="list-style-type: none"> • Invest in technical and business skills development of women, men, youth from different social and religious groups 	<ul style="list-style-type: none"> • Improved technical and business skills relevant to the market chains for women, men and youth.
	<ul style="list-style-type: none"> • Access to productive resources and assets 	<ul style="list-style-type: none"> • Increase access to productive assets and economic services for the poor in the host communities and in refugee camps; access to improve women access to land, finance, and improved seeds. 	<ul style="list-style-type: none"> • Increased ownership and control of productive physical assets including financial assets among women in both host communities and refugee camps • Improved access to loans and banking services for women
	<ul style="list-style-type: none"> • Reducing women’s workloads 	<ul style="list-style-type: none"> • Introduce appropriate technologies in the value chain sectors where women are involved; coupled with training and skills development to utilize the new technologies effectively e.g. sorghum and groundnut harvesting technologies and milk processing technologies. 	<ul style="list-style-type: none"> • Improved access to efficient workload reducing technology for women and girls
	<ul style="list-style-type: none"> • Empowerment of women and youth 	<ul style="list-style-type: none"> • Ensure women have financial and economic decision-making power over household incomes by increasing their abilities to make income for themselves. Also ensure that women have power in markets and value chains 	<ul style="list-style-type: none"> • Higher incomes for women and where the women and girls have control and decision-making power in both host communities and refugee camps
	<ul style="list-style-type: none"> • Increase women’s power in the markets and in value chains. 	<ul style="list-style-type: none"> • Increase bargaining power through organization of producer and marketing groups 	<ul style="list-style-type: none"> • Improved financial transactions for women in the market places and improved bargaining power along

	Gender Analysis Processes	Gender-based programming and Programme design	Gender-sensitive Monitoring and Evaluation (M&E) system
		especially in sectors of the chains where women are involved	the chains for women
	<ul style="list-style-type: none"> • Women and youth get paid for their labour 	<ul style="list-style-type: none"> • Ensure that the labour laws are protective to women labour that there is minimum wage laws which are respected for both youth and women to avoid exploitation of women and youth through child labour 	<ul style="list-style-type: none"> • Increased productive and decent work for men and women and youth – this should lead to improved incomes • Reduction of child labour.

A Market Assessment was carried out in February/March 2014 in East Sudan. The assessment consisted of a combination of qualitative and quantitative data collection. The assessment covered Gedaref and El Gazeera State. In these states, the locations included were two refugee camps (Um Gargour and Fau5), one closed refugee camp (Karkora), and three host communities near the camps (Gedaref Town, Um Elghura locality and Wad Medani Town). For each location, 240 questionnaire based interviews were held, giving a total of 1440 interviews. In addition, a large number of key informant interviews were held with business service providers, producers and firms, traders, industry experts, international development partners and national/local authorities. The random stratified sampling approach was chosen by the team to gain insight into the differences in market dynamics between the refugees and host community population. This information is essential in designing appropriate interventions focused on having the refugee population at the same economic level as the host communities.

The assessment has led to the following main conclusions:

1. Based on consultation with stakeholders and interviews in Gedaref and Jazeera State, it was concluded that the main commodities/service markets to develop are:
 - a. Agricultural markets: sheep, groundnuts, sorghum
 - b. Service markets: electricity supply, building and construction, labour market

2. Based on the consumer survey for refugees, the following main conclusions can be drawn:
 - a. The top 5 goods that are bought on a daily basis are sugar, onion, cooking oil, milk and tea.
 - b. Although the majority of refugees are satisfied about the supply in the market, some items are difficult to find, mainly fruits, clothes, meat, gas and shoes.
 - c. Major reason for dissatisfaction with goods in the market is the price of the products sold in the market, followed by lack of supply.
 - d. Items in the market that refugees would like to buy more of in the market include sugar, cooking oil, meat, charcoal and sorghum.
 - e. Items in the market that are not affordable to customers include meat, fruit, vegetables, clothes and sugar.

3. Based on the consumer survey for host communities, the following main conclusions can be drawn:
 - a. The main markets that people visit are Um Elghura, Alshuwak and Karkora.
 - b. The top 5 goods bought on a daily basis are sugar, vegetables, cooking oil, meat and coffee. Host communities are generally satisfied with the supply in the market, although some items are difficult to find: fruits, clothes, gas, medicine and shoes.
 - c. Similar to refugees, host communities are most dissatisfied with some goods in the market because of the price, followed by lack of supply.
 - d. Main items in the market that refugees would like to buy more of in the market include sugar, meat, cooking oil, fruits and vegetables.
 - e. Main items in the market that are not affordable to customers include fruit, meat, clothes, chicken and gas.
 - f. Based on a cross tabulation analysis for the consumer survey, the following conclusions can be drawn:
 - g. There are significant differences in terms of daily income between refugees and host communities. The average daily income per household for host communities is almost twice as high as for refugees.
 - h. It was found that host communities consume more meat compared to refugees, which might be due to the fact that host community members generally have a higher income.
 - i. When looking at household expenditure, some significant differences appear as well: host communities spend relatively more income on sugar, milk, electricity and fruit.

4. Based on the market vendors survey, the following main conclusions can be drawn:
 - a. The majority of market vendors originate from Sudan (60%), while 38% originates from Eritrea and 2% from Ethiopia.
 - b. The top 5 main commodities that market vendors sell in the market are sugar, coffee, cooking oil, flour and onion.
 - c. The majority of the customers are local communities (75%), while 25% are refugees.

- d. The majority of vendors are able to satisfy its customers (66%). The main reasons for not being able to meet the demand of all customers are a lack of finance, lack of supply and lack of transport to bring the product from its source to the market.
5. Based on the service providers survey, the following main conclusions can be drawn:
 - a. The majority of service providers originate from Sudan (58%), while 42% originates from Eritrea.
 - b. The top 5 main services that service providers offer are bakery, communication, coffee, farmer and gas.
 - c. The majority of the customers are local communities (on average 97%), while only 3% are refugees.
 - d. The majority of vendors are able to satisfy its customers (76%). The main reasons for not being able to meet the demand of all customers are lack of stocks available as inputs for the services, lack of finance, and sources cannot supply the quantities ordered.
 - e. Based on a cross tabulation analysis for the vendor and service provider survey, the following conclusions can be drawn:
 - f. The average income level differs significantly from one locality to the other, as can be seen below. Income levels of market vendors are highest in Um Elghura and Alshuwak, and lowest in Fau5 camp.
 - g. In terms of income levels for service providers, there are major differences between service providers operating in refugee camps and those in host communities. On average, service providers in host communities earn 11 times more on a monthly basis than service providers in in refugee camps. This is probably caused by the lower income levels of refugees compared to host communities
 6. Based on a supply-demand analysis in the refugee camp markets, the following can be concluded:
 - a. The major commodities in demand in the refugee camps are cereal grain, sorghum and sorghum flour, which constitute the basic staple food. The vendors buy the sorghum grain from the nearby towns and bring it into the camp markets and resell. These major commodities could not be confirmed on the basis of the quantitative data from our survey. On the contrary from the survey it appeared that the top commodities in demand at household level are sugar, onion and cooking oil.
 - b. The demand for meat, milk and milk products at local household level for both host communities and refugees is not coming out clearly from the qualitative analysis. Also in the quantitative survey, meat only occupies 2% of the total demand.
 - c. The major commodities in short supply and required by the refugees in camps are different types of vegetables, including onions, tomatoes, fresh green vegetables and other horticultural commodities. Most of the vegetables sold in the refugee camp markets are obtained from Kassala and Halfa. These places are more than 200km from the surveyed refugee camps and transport to Kassala and Halfa is a major obstacle to facilitating interstate trade. It was noticeable in all the camp markets visited and surveyed that there is a general shortage of products and commodities to sell on their markets.
 - d. Another major area of unsatisfied demand is shortage of electricity supply, and limited supply of building material in both host communities and refugees homesteads.
 - e. Each refugee camp has a market within the camp. However, the market infrastructure is minimal and in some cases completely missing.
 7. Based on a the quantitative part of the market opportunities survey, the following conclusions can be drawn:
 - a. To improve their local production, market vendors indicated that local producers should increase the availability of inputs (33%), provide for better or more tools/equipment (24%), and better skilled workers (18%).
 - b. When asked for any unused or underused raw materials, vendors responded that the main un- or underused materials are milk, sesame and leather.
 - c. Service providers indicated that the major issues for local service providers to improve their business are increased availability of inputs (24%), better or more tools/equipment (25%), and an updated design and/or style (15%).
 - d. The top 5 of market opportunities for starting a new business as a service provider are service provision, transport, electricity, gas services, and community development.
 8. The qualitative part of the market and business opportunities survey led to the following conclusions:
 - a. The top market commodities/opportunities for business development In Um Gargour Refugee camp, Karkora closed refugee camp and their host communities of Shuwak Town in Fashaga Locality of Gedaref State are crops (Sorghum, Sesame, Arabic Gum), Livestock (Sheep, Cattle, Goats) and Services (Electricity production and provision, Mechanics (auto mechanics and agriculture machinery mechanics and

maintenance), Building and construction works and supply of material). Labour is in demand in all the above businesses. According to stakeholders interviewed, the best 3 markets to develop are those related to sheep, sorghum and electricity production and distribution through fuel and solar generators.

- b. In Fau5 Refugee Camp and their host community in Um Elghura Locality, Jazeera State, where economic interaction and integration between refugees and local communities takes place mostly, top commodities are: Crops (Groundnuts, Sorghum, Sunflowers), Livestock (Sheep, Goats, Cattle), and Services (Building and construction material, Gas and gas cylinders and Dairy production and distribution). Labour is in demand in all the above.
- c. A score ranking and SWOT analysis was provided for the above opportunities. The businesses are considered as joint endeavours between refugees and host communities, in line with the TSI overall approach.
- d. In the report, six business summaries and six business feasibility overviews are provided on sheep production, sheep trading, tanning, groundnuts production, building construction and electricity production. They contain preliminary indications concerning a non-exhaustive sample of opportunities. More research and in depth analysis is required to assess their concrete viability and profitability through specific feasibility studies and business plans that TSI might consider for support. In the course of the assessment, it was not possible to establish neither the number nor the specific percentage of people that could be absorbed in the proposed new businesses, which would require detailed product/sector specific feasibility studies, which were not in the scope of this study. In addition, the absorption capacity of the local economy in terms of the number of specific business that could be viable further depends on possible investment made in the sub-sectors. For example, introducing appropriate technologies and value chain development-type of interventions, would increase the number of people that could be absorbed in a specific sub-sector. It is difficult to estimate a business increase, this depends on the will of the person who wishes to enter this type of business, especially if he/she used to receive full support, it will be difficult to move him/her immediately to operate fully and perfectly without doing intensive awareness, counseling and orientation effort for the beneficiary, and other partners and stakeholders.
- e. However, in the report, we have provided a first indication of how many people/persons can undertake a business venture specifying the quantities for a profitable business:

For the following six businesses, the following number of people could potentially be self-employed:

1. Sheep production,	2 persons
2. Sheep trading,	2 persons
3. Tanning,	3 persons
4. Groundnuts production	2 persons
5. Traditional building construction	2 persons
6. Electricity production and sale)	2 persons

For the following six business cases, the following number of people could potentially be self-employed:

11. Sorghum grinding mill,	2 persons
11. Extraction of oil and by-products,	2 persona
11. Brick manufacturing,	3 persons
11. Groundnuts peeling machine,	3 persons
11. Dairy milk products,	3 persons
11. Pulp Machine	2 persons

9. During the market assessment, the team also looked at the opportunities for the provision of microfinance, as an important condition for starting a new business. It was found that:
 - a. About 10 bank branches provide formal financial services around the host communities and camps in Gadaref and only one bank branch provide services around the host communities and refugees camp, in Um Elghoura locality, In Al Jazeera State.
 - b. It was also found that NGOs, both national and international, are making an effort to boost microfinance in the two states.
10. Based on an initial assessment of the absorption capacity of the local markets in the localities covered by the Market Assessment, the following was found:

- a. Key informants assess the absorption capacity as mirroring the level of activities the agricultural, livestock, small manufacturing (industry) and small retail, and that these are the most promising sectors in the localities covered by the MA in terms of absorption capacity.
 - b. The proposed business opportunities are expected to create demand for jobs and boost employment for refugees and host communities in the two states. Small enterprises or cooperatives can be supported in offsetting labour and technology in:
 - Food production
 - Building materials and metal
 - Agriculture, animal resources and dairy production
 - Fishery farms
 - Tanneries to further capitalise on animal resources
 - Horticultural production (fruit suitable for juice, vegetables)
 - Cultivation of wild fruits and gum Arabic
 - Oil extraction and canning
 - c. Finally, key informants indicated that in camps and host communities there is scope to boost local economies through labour-based small infrastructure and /or environmental related projects for which the establishment of service cooperative would be a viable organizational solution.
11. When looking at markets from a gender perspective, the findings of the study revealed deep-rooted gender stereotypes about women based on the cultural and traditional norms and values. According to the cultural, traditional and religious norms, women should stay indoors and not to be involved in public business activities. In most of Jazeera and Gedaref states, the team observed and learned that culturally women are not even mentioned in matters pertaining to business. Business and moneymaking matters is the sole domain of the male gender. However, with proper awareness of the benefits of women empowerment, such cultural norms and mind-sets can be changed or transformed and both women and men can work together and contribute to the economic and financial welfare of the household.
- a. The common income generating activities (IGAs) for women in Jazeera and Gedaref are food processing and sewing. Women also run sheep and goat trader businesses in the refugee camps, at a very limited and insignificant level because their movements are restricted as described above. Another economic area where women are involved is food processing, particularly milk and milk products. Women are also involved in sorghum and groundnut production. However, in most of these agricultural enterprises, women are only involved as labour suppliers, and not as entrepreneurs or producers.
 - b. The market assessment has provided some indications that women refugees are doing better than in host communities in terms of setting up their own businesses. This provides interesting potential to develop joint businesses with host communities.
 - c. The key issues that must be addressed in gender-responsive programming are; the heavy workloads on women in the households and childbearing; the legal framework; the politicization of resources and assets; control over revenues; and child labour exploitation of the poor. Ultimately, this should lead to a more balanced gender situation, in which refugee women can participate fully in the economy.

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