

GUM ACACIA – THE GLUE THAT STICKS?

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Country: (Southern) Sudan

Sector: Agriculture

CHALLENGE

The state of Southern Sudan was established in 2005 after a prolonged period of civil war. The administrative structures are in the early stages of development and in most sectors the skills, infrastructure and support structures – including markets, transport and currency – are weak, due to the recent conflict. Capacity gaps are varied, requiring a diversity of interventions at different levels of operation. The war has left in its wake many Internally Displaced Populations (IDPs), most of whom are women, youth and children. In reviving the economy, the most daunting challenge faced by Southern Sudan is in creating access to markets both within and outside the country.

Despite various constraints to Southern Sudan's economic growth, there is huge potential in the agriculture, forestry and livestock sectors. However, trade remains limited due to the lack of infrastructure, limited financial services for investment, weak regulatory mechanisms and a low level of entrepreneurial skills. Local and international market linkages are poor; bartering is widespread due to the lack of a legitimate local currency.

However, these conditions are starting to change. The local private sector is emerging. There is now a common currency and trade opportunities (e.g. livestock) with Uganda and Kenya are accelerating due to the road from Kenya to Juba. Increases in returnees mean that internal markets are expanding.

Southern Sudan is endowed with vast quantities of natural resources. Many indigenous trees are valuable sources of timber, essential oils and food products. In Eastern Equatoria, where the SNV projects are, gum acacia, shea nut, aloe vera, and honey are some of the NTFPs on which more than 60% of the households have relied for livelihood during the war period. These products provide valuable nutritional resources to households and are emerging as income generators for women and youth.

Gum acacia, a seasonal resin from the widely-growing *Acacia Senegal* trees, in particular has the potential to make significant contributions to alleviating poverty in many parts of Southern Sudan. It is a binding agent essential to the pharmaceutical industry and an ingredient in other products, such as soft drinks. International demand for the gum is high. By 2006, there was a 70% shortfall in the export market because Sudan, the world's largest exporter, was unable to meet its quota.

Despite Sudan's predominance in the world market, the southern part of the country has not been able to participate in the gum acacia trade due to the lack of awareness of the importance of the product at the international level and the lack of access to the market.

METHOD

SNV's interventions are focused on two impact areas related to the Millennium Development Goals (MDGs): (a) eradicate extreme poverty and hunger; and (b) ensure environmental sustainability. SNV hopes to contribute to halving the number of people living on less than a dollar a day, while ensuring that the products harvested from the natural environment do not have a negative impact on the ecosystem. It has set a target of enabling 15,000 households in Eastern Equatoria to improve their livelihoods and incomes over two years, with a goal of increasing incomes by \$2 a day.

SNV did a preliminary situation analysis, including organisational assessments of potential client organisations, with the aim of providing services for market linkages and price negotiations. The major activities undertaken with the stakeholders included:

- training on gum acacia collection and harvesting techniques;
- community mobilisation on gum collection, sorting and cleaning;
- organisational capacity development of client organisations;
- community peace building to prevent conflicts that could hamper productivity.

CLIENTS

In 2005, the SNV Southern Sudan programme conducted a value chain study for various potential NTFP sub-sectors. On the basis of the recommendations of the study, they initiated a pilot program in Eastern Equatoria aimed at building the capacity of Toposa Development Association (TDA), a local CBO, in the harvesting, storage, cleaning and marketing of gum acacia.

In 2006, TDA started encouraging villagers and nomadic herders to harvest the gum even though TDA did not have adequate information on potential markets outside the local area. TDA approached SNV to assist in conducting a market survey to identify national and international buyers for gum. TDA chose to work with the Arid Lands Resources Ltd, a Kenya-based gum exporter who exported to Europe and America. Arid Lands Resources is interested in continuing to work with TDA despite TDA’s supply being far below the buyers’ demand.

In 2007, SNV decided to expand its client base to increase production and supply by involving more CBOs to mobilise local communities and collectors, while formalising them into co-operative societies to enhance their bargaining power and sustainability. Community Rehabilitation and Development Foundation (CRDF) and Galcholo Community Based Rehabilitation (GCBR), were identified. The three CBOs have achieved notable success in mobilising the local population and organising training on harvesting techniques, storage and cleaning to produce high quality gum.

Advisory Support from SNV

SNV has signed three parallel MOUs with each of the CBOs under which SNV intends to provide capacity building in the following areas:

- strengthening organisational capacity of the CBOs;
- supporting the CBOs to mobilise community groups of collectors and formation of collection centres/co-operatives, including training on collection, processing, and business plans;
- supporting the CBOs to negotiate favourable prices;
- developing the organisations’ capacity to mobilise resources;
- creating market linkages.

SNV has, over the last 1½ years, provided a total of 125 advisory services. Further capacity building has been provided through a local organisation, Arid Lands – a supply chain based service provider that has contributed advice on market development and gum collection and harvesting techniques. SNV is also playing a key role in organising learning events and enhancing networking and coordination mechanisms among the key stakeholders and clients.

Key Strategic Stakeholders and their Role

Apart from the community participation through the three CBOs, the project has involved the Ministry of Agriculture, Department of Forestry which hopes to develop policies that encourage sustainable exploitation of natural resources. Local authorities are keen to understand how the harvesting and marketing of gum acacia can be harnessed to increase tax revenues.

The UN Food and Agricultural Organisation (FAO) want to develop a large scale operation to cover the whole of Southern Sudan. They are keen to learn from and support any activities to develop policies and to replicate this initiative in other parts of the region. UNHCR sees gum acacia production as a potential income generating activity for returnee families. The table below illustrates the present activities and key actors in the chain:

Activity	Actors
Market access and marketing services	Local traders, regional level traders, training institutions (Arid Lands)
Group mobilisation	Community Leaders, CBOs
Processing	Collectors/CBOs.
Business and other support services	MoAF, and Local CBOs, consultants
Funding	FAO, UNHCR
Policy support	FAO, MOAF and local authorities

RESULTS

Last year, a total of 19 tons of gum acacia was exported, earning about \$19,000. Twenty-three tons were sold directly by communities to individual traders. At this time, SNV had only worked with TDA. A total of three CBOs, and a total of 150 households trained in the harvesting, sorting and cleaning of gum acacia are engaged in this initiative this year. This number is likely to grow as information spreads in communities and, with the involvement of SNV throughout the process, it is anticipated that about 60 tons of the product will be collected and marketed this coming season. If other variables remain constant, this should translate into an income of USD 60,000 for the households involved.

A partnership with the FAO is being discussed to explore the potential to expand the model to other parts of Southern Sudan. In a bid to improve the marketability and returns from the product, a partnership with AgroEco for certification of gum is also being explored.

Constraints

There are a number of internal and external constraints facing a successful operation. The actors and stakeholders have yet to gain a comprehensive understanding of the economic value of gum acacia and the dynamics associated with the process from harvesting to the end market. They are, therefore, still far from being able to develop and put in place a systematic, organised marketing mechanism. In addition, the CBOs lack the financial and human resources to facilitate the full collection and marketing potential of their areas.

Gum acacia is a seasonal product, so other livelihood support systems need to be explored and developed to ensure a sustained income throughout the year.

Risks to monitor

The CBOs have control over the outcome, as they provide the critical link between the production of gum by community members and the external markets. This raises the issue of balancing the focus between the survival of the CBOs against gains made by the community. To ensure sustainability, it is necessary to monitor how the CBOs share the benefits that arise from this activity with the communities.

Gum prices are internationally determined, and factors such as inflation and exchange rate fluctuations may affect prices and, hence, the returns received by the CBOs and the communities. There is a real danger that should the price drop significantly, the CBO will opt for its survival rather than sustain the returns to the community.

The military have expressed an interest in gum collection/harvesting, raising a potential source of conflict as they may use arms to forcibly monopolise certain collection areas. In the post conflict context, policies governing resource utilisation are in the early stages and the danger that communities could be further marginalised in a lucrative venture is very real.

LESSONS LEARNED

Given the combination of the availability of the gum in season, and the nomadic and semi-nomadic lifestyle of the domestic populations, gum acacia harvesting is not difficult, thereby providing an easy entry business for unemployed youth and IDPs. The gum is a product that is also used locally and, therefore, while the local people may not understand the product's international relevance, they are by no means strangers to it. The physical and social conditions in other parts of the country, combined with the current international demand make this an easily replicable venture with no dire impact such as a depression in prices due to increased supply.

However, in post conflict and pastoralist environments, communities want immediate results. To ensure continued community support, it is essential that any initiative must have perceived tangible benefits in the shortest time possible. The fact that some communities actually made money from this activity in 2006 has been helpful in encouraging communities to participate in 2007. The example has been set and, therefore, mobilising other communities elsewhere is easier.

Multi-partner initiatives need to maintain a clear and effective communication mechanism. This is particularly true when some of the partners are located away from the project site. A breakdown in communication can be easily interpreted to mean a hidden agenda, and prove detrimental to the entire process.