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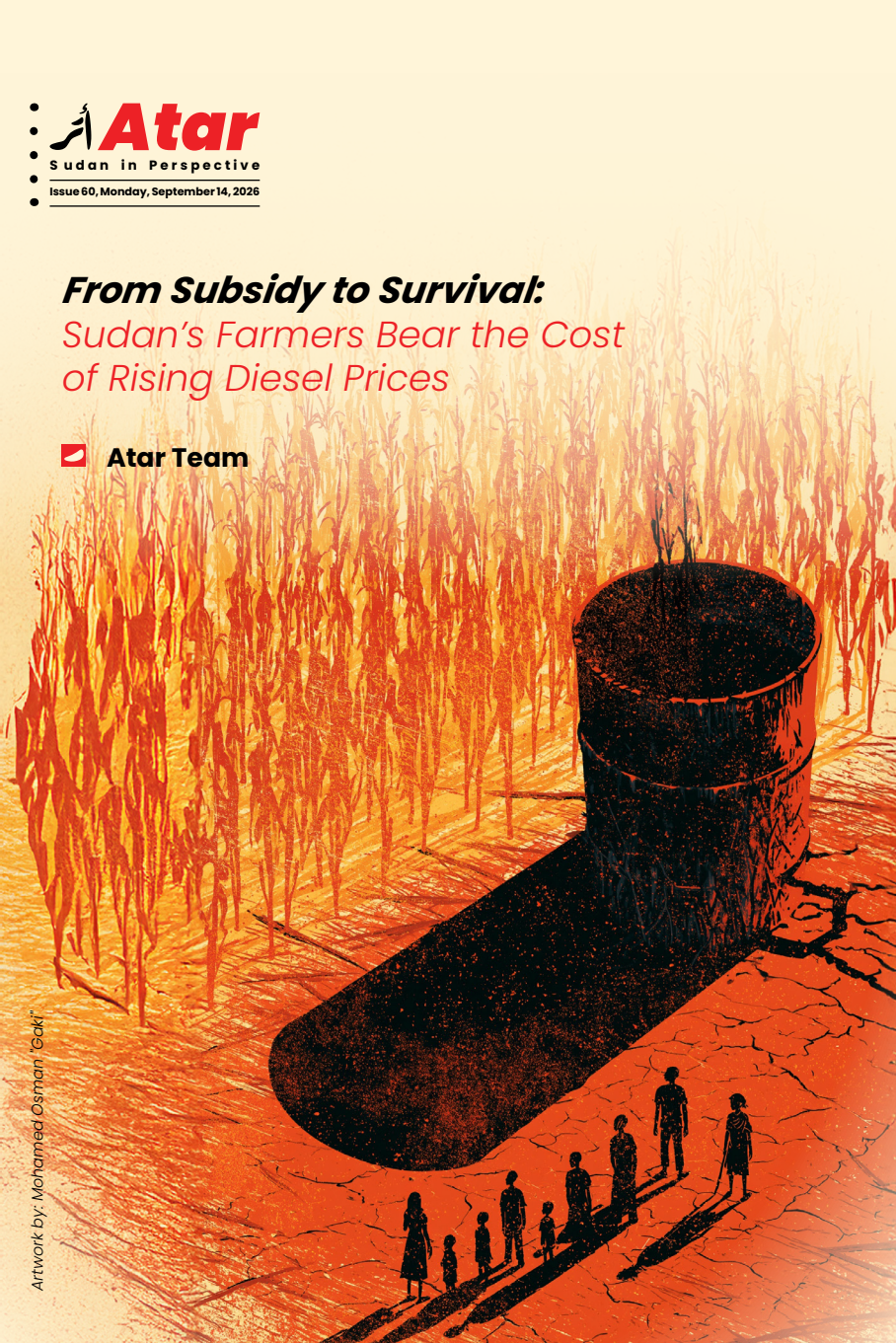
From Subsidy to Survival:
Sudan's Farmers Bear the Cost of Rising Diesel Prices

Atar Team



Artwork by: Mohamed Osman 'Gak'

Agricultural diesel is one of the essential inputs required for land preparation in both rain-fed and irrigated farming, alongside pesticides, fertilizers of various kinds, improved seeds and other agricultural inputs.

In June 2021, Finance Minister Jibril Ibrahim announced that the government was withdrawing from subsidizing petrol and diesel and would not reinstate the subsidies. In remarks reported by the media at the time, Jibril said the government was pursuing painful economic measures because it had inherited a distorted economy, leaving it with "no choice but to excise the disease through painful surgery until the economy recovers." The government's policy at the time identified what it described as alternative arrangements to support farmers, including purchasing agricultural produce at a guaranteed incentive price. Its case for changing the agricultural-fuel subsidy policy rested on the claim that it had been subsidizing fuel for 90% of farmers, only to discover, according to the Finance minister, that "only 43% of them actually farmed with subsidized fuel," while the rest sold the fuel on the open market, pocketing the difference.

Since the transitional period, and the government's adoption of a policy of withdrawing subsidies, the State has failed to establish a clear alternative. Agricultural financing, however, has continued through banks providing farmers with cash financing to cover land preparation and the purchase of fuel, fertilizer and seeds. Farmers have consequently found themselves confronting steadily rising fuel prices, driven by fluctuations in global markets and changing domestic transport costs, developments that have fed directly into production costs and food prices.

This report examines the availability and cost of agricultural diesel in the Sudanese Armed Forces (SAF)-controlled states of Al-Jazirah, White Nile, Al-Gadarif and Kassala, and its impact on farming costs, farmers' financial circumstances and, in many cases, agricultural production during the current summer season.

Al-Jazirah

Atar has established that the cost of preparing one feddan stood at SDG 10,000 in 2020. It rose to SDG 50,000 in 2021, then rapidly climbed to more than SDG 150,000 per feddan in 2022, SDG 200,000 in 2023 and SDG 300,000 in 2024. Last year, the cost hit SDG 500,000 per feddan and is now approaching one million Sudanese pounds.

In 2021, the government abruptly halted the subsidized agricultural diesel supplied to farm machinery used for land preparation in the Al-Jazirah Scheme. According to information obtained by *Atar* from an official at the Al-Jazirah Scheme administration, the decision came from the Federal Ministry of Finance, which argued that farmers were not benefiting

from subsidized agricultural diesel to the same extent as machinery owners. According to the official, the Finance ministry also justified the measure on the grounds that it sought to redirect subsidies to their intended beneficiaries by introducing a profitable guaranteed price for agricultural crops.

The official does not conceal his agreement with the decision's underlying rationale, arguing that it could indeed provide more direct support to farmers, but only if it was followed by a remunerative guaranteed price for agricultural produce. Instead, he told *Atar*, subsidized diesel was withdrawn while, in the same year, the guaranteed price was set at an unprofitable level. The Finance ministry went further, he said, abandoning the guaranteed-price system altogether in 2022. Diesel prices and crop prices were thus effectively left to the market, which, in his words, amounted to placing farmers "before the giant machine of the market," a machine that, he said, devoured them.

The official pointed out that subsidized agricultural diesel had helped lower farmers' production costs, reducing land-preparation costs to around 70% of their current levels. "Subsidized diesel helped us enormously with clearing irrigation canals. In 2023, only 30% of the irrigation canals were cleared. Last year, farmers had to buy diesel from the parallel market to operate the machinery used to clear the canals, and we received only a single gallon," he said.

Until 2020, the Ministry of Energy allocated 40,000 gallons of diesel per day to the Al-Jazirah Scheme to meet the fuel requirements of agricultural machinery used for land preparation and canal clearance. Last April, Al-Jazirah Scheme governor Ibrahim Mustafa announced that the scheme required 4,000 gallons of diesel to keep its agricultural machinery operating. Most of this, according to farmers who spoke to *Atar*, has had to be financed out of their already meagre resources.

"Farmers are the weakest link in the production chain and are now bearing the full weight of rising costs."
— Haitham Fadl al-Sayyid ar-Rihid, farmer in Al-Jazirah.

A source in the Al-Jazirah Scheme's irrigation unit told *Atar* that the government has been releasing fuel allocations for machinery "drop by drop." In May, the SAF government promised the scheme's administration 200,000 gallons of diesel for the summer cropping season. By the time of the source's interview, only 60,000 gallons had arrived, with just a month and a half remaining in the summer season.

The abolition of subsidized diesel for the agricultural sector marked a fundamental turning point in the production

equation within the Al-Jazirah Scheme. The costs of operations entirely dependent on machinery: ploughing, land levelling, opening irrigation furrows and harvesting, rose dramatically, pushing up the overall cost per feddan. Many smallholder farmers were forced to reduce the area they intended to cultivate or abandon some high-cost crops altogether, for the lack of the liquidity needed to purchase fuel at commercial prices.

The subsequent failure to provide fuel on time delayed land preparation and irrigation, adversely affecting yields and leaving crops vulnerable to pests and water stress. Financial risk increased, while farmers' debts to the Agricultural Bank and other financiers mounted as production costs became increasingly disconnected from the returns generated by crop sales.

An agricultural machinery owner in Tabat, in Al-Hasahisa locality, said that immediately after the fuel subsidy was removed, "we were forced to double the price of ploughing a feddan simply to cover the cost of diesel." He told *Atar* that farmers have often responded to the increase by refusing or being unable to pay. "This reduces the number of hours we can work each day and lowers demand for our services. Because farmers lack liquidity, we come under enormous pressure to work on credit, with payment deferred until after the harvest. With inflation and the declining purchasing power of the currency, the real value of what we earn when payment finally comes is far lower than it was when we provided the service."

Haitham Fadl al-Sayyid ar-Rihid, a farmer in the Bijija office of the Abu Guta Agricultural Section, told *Atar* that the reasoning behind the Finance minister's decision at the time to remove fuel subsidies, particularly for diesel, was detached from the reality on the ground. Farmers, he said, are the weakest link in the production chain and are now bearing the full weight of rising costs.

"Removing the diesel subsidy means an immediate doubling of preparation costs."
— Babiker al-Labib, agricultural economist and former chief agricultural inspector at the Al-Jazirah Scheme.

"If the government's objective was to ensure that subsidies reached their intended beneficiaries, it would have been better to subsidize the final output of the feddan, or provide fuel through agricultural cooperatives, distributing it against farmers' national identification numbers and according to the actual area under cultivation, rather than removing the subsidy altogether and leaving farmers to bear the burden of soaring costs alone," ar-Rihid said,

Agricultural economist and former chief agricultural inspector at the Al-Ja-

zirah Scheme Babiker al-Labib told *Atar* that the decision to halt subsidized diesel on the grounds that "the subsidy goes to machinery owners rather than farmers" reflects a failure to understand the economic dynamics of agricultural production. Machinery owners, he explained, do not absorb higher fuel prices themselves. Instead, they pass the entire increase directly to farmers by raising the cost of land preparation and harvesting, as has happened since 2021. "Farming in the Al-Jazirah Scheme depends almost entirely on machinery at most stages," he said. "Removing the diesel subsidy therefore means an immediate doubling of preparation costs, because the tractor operator calculates the cost of diesel at the commercial market price."

Al-Labib pointed to another important dimension: "Although the scheme relies on gravity-fed irrigation, extensive areas, particularly at the ends of canals, depend on suction pumps powered by diesel to draw water when water levels fall. Ending the subsidy has made 'rescue irrigation' extremely expensive, exposing crops to water stress and wilting at critical stages." Because they lack the cash to buy fuel at commercial prices, he added, many farmers have been forced to cultivate only half of their holdings and leave the remainder fallow. A delay in securing fuel for machinery means delayed planting or harvesting, exposing crops to damage or deterioration in quality, such as wheat being damaged by summer heat or cotton being ruined by rain. To meet the high cost of fuel for machinery, farmers are often forced to borrow money or sell their crops in advance to traders at depressed prices.

Al-Labib called for dedicated and monitored fuel quotas for agricultural machinery, supplied at a preferential price. He also advocates incorporating land-preparation costs into microfinance packages provided through the Agricultural Bank or designated financing portfolios, thereby reducing farmers' immediate cash burden. He further recommends encouraging agricultural cooperatives to collectively own and operate machinery in order to reduce maintenance costs and eliminate layers of commercial intermediation.

White Nile

Markets across White Nile State have witnessed rising prices for a number of agricultural commodities, amid complaints from traders and consumers this season. Farmers attribute the increases to higher production costs, fuel prices and agricultural inputs, as well as rising transport costs from production areas to markets. Although the price of a gallon of diesel in White Nile has been reduced in recent days, the cut has had no discernible effect on the prices of crops and vegetables in the state.

Mohammed Awad, a vegetable trader in Ad-Diweem, said he abandoned wheat cultivation more than five seasons ago

because of soaring fuel prices and turned instead to vegetable farming. In comments to *Atar*, he explained that tomatoes and eggplants are winter vegetables, meaning their scarcity is linked to the fact that they are grown in greenhouses. The shortage of potatoes, in contrast, is a consequence of the war, since potatoes had previously been stored in refrigerated facilities.

Awad said the remaining vegetables are locally produced and attributes their scarcity to the transition between the summer and winter growing seasons, as well as fluctuations in the Nile's level. The immediate driver of higher vegetable prices, he says, is the increased cost of ploughing, land preparation, seeds, and diesel, compounded by rising fertilizer and pesticide prices.

The price of a crate of tomatoes, he says, has risen from SDG 40,000 to SDG 200,000, while a 15-kilogramme sack of eggplants now costs SDG 30,000, up from SDG 10,000. The price of a 50-kilogramme sack of potatoes has risen from SDG 100,000 to SDG 240,000.

As for the reduction in diesel prices in White Nile, Awad says it has done little to bring vegetable prices down because levies in Ad-Diweem have increased sharply. This has discouraged truck owners from travelling to the city, particularly Ad-Diweem Stadium and the bridge, where the fee for transporting vegetables can reach SDG 1.5 million per truck or vehicle.

Al-Haj al-Nour, a farmer in White Nile State, attributes the rise in agricultural commodity prices to weak production this year and insufficient stocks. Speaking to *Atar*, he said the quantities reaching markets have declined in recent weeks, prompting several parts of the country to turn to Kosti, North Kordofan and South Sudan for supplies. This has in turn contributed to shortages of some crops and vegetables.

Al-Nour also points to the livestock sector's impact on the agricultural season, noting that livestock require feed, while higher prices for seeds, fuel and fertilizers have further weighed on agricultural production. Farmers had been relying on improved seed varieties, he explained, but their prices have risen sharply. Fuel prices have also increased, affecting the operation of irrigation pumps and agricultural machinery and undermining efforts to improve yields. The result, he said, has been an overall decline in agricultural production.

He says the recent reduction in the price of a gallon of diesel in the state has not translated into lower production costs. The price of a gallon, he said, has fallen to SDG 43,000, while the scheme consumes roughly one gallon per feddan. A scheme covering 1,000 feddans therefore requires approximately 1,000 gallons of diesel. In rain-fed agriculture, meanwhile, the cultivated area is estimated at around 2.55 million feddans, consuming roughly 2.5 million gallons of diesel for agricultural operations.

Al-Nour says the circumstances farmers have faced since the outbreak of the war have made it difficult for them to retain their crops after harvest. Traders now purchase most of the produce directly from farmers and store it themselves, giving them greater leverage over prices in the markets.

Some crops, he notes, cannot be stored, particularly vegetables, because they are seasonal and require a continuous supply of water. This necessitates operating fuel-powered irrigation pumps, while the rising cost of fuel has also driven up the cost of transporting vegetables.

Al-Nour added that high temperatures make tomato cultivation impossible in certain areas, meaning tomatoes cannot simply be grown on every farm. This has reduced production and contributed to shortages in the markets. Fuel, fertilizer, pesticide and seed prices have all risen sharply, he told Atar. Some agricultural inputs have tripled in price compared with last year: a sack of fertilizer has risen from SDG 150,000 to SDG 250,000; pesticides from SDG 2.5 million to SDG 5 million; and seeds from SDG 1.2 million to SDG 3.2 million.

Agricultural engineer Nashwa Osman attributes the rise in crop and vegetable prices in White Nile to an unprecedented increase in the cost of production inputs. This, she says, has forced farmers to raise their selling prices simply to cover their costs and secure the narrow profit margin needed to remain in business.

The second factor, Nashwa told *Atar*, is declining supply. Some farmers have been unable to meet soaring production costs, while a shortage of financing has forced others to reduce the areas they cultivate or take entire schemes out of production. The resulting decline in market supply has added further upward pressure on prices.

She also pointed to the impact of fuel, particularly diesel. Rising fuel prices affect the cost of crops and vegetables produced on pump-irrigated schemes as well as rain-fed farms, particularly through the costs of land preparation and transportation.

"When the price of diesel rises, the cost of cultivating a feddan rises for the farmer, forcing them to reduce the area they cultivate."
— Nashwa Osman, agricultural engineer.

Fluctuating fuel prices, she said, have a direct bearing on both rising crop prices and shortages across the state. But fuel is not the sole factor. Other pressures include shortages of fertilizer, difficulties accessing finance and declining cultivated areas. Agriculture itself is heavily dependent on fuel: tractors need diesel to plough and prepare land, irrigation pumps require fuel, and so do harvesters and other agricultural machinery. "When the price of diesel rises, the cost of cultivating a fed-

dan rises for the farmer, forcing them to reduce the area they cultivate," she said. This against a backdrop of increasing costs for ploughing, irrigation and harvesting.

Nashwa noted that some farmers respond by cultivating smaller areas or leaving part of their land unplanted. This reduces the volume of produce reaching the markets. At the same time, the cost of transporting crops after harvest rises: produce must be trucked from production areas to markets, and when diesel prices increase, transport costs rise accordingly. Traders then pass those additional costs on to consumers through higher crop prices.

Al-Gadarif

As the state capital, Al-Gadarif city bears the greatest responsibility for supplying farmers with the quantities of diesel required to complete agricultural preparations, both rain-fed and irrigated, based on the areas registered for cultivation during the season. Those cultivated areas, in turn, determine the expected volume of crop production.

Until 2020, the provision and distribution of agricultural diesel to farmers operated through a tightly regulated and carefully coordinated system involving the government, represented by the Ministry of Energy, which was responsible for supplying fuel for mechanized agriculture and registering the areas designated for cultivation during the season, and the Sudanese Agricultural Bank, which financed farmers' agricultural requirements during the preparation phase.

Under this system, diesel reached farmers when it was needed for land preparation, machinery operation and ploughing, at a government-subsidized price exempted from government taxes. Timely access to fuel was critical to the success of the agricultural season and to producing the quantities of crops projected in advance.

Ahmed al-Naji, a farmer from the Bazoura area of Al-Gadarif, said the timely availability of diesel is a decisive factor in determining the success and efficiency of agricultural operations. "Farming is governed by seasons and precise timetables. Delaying any operation beyond its scheduled time has a negative impact on crop yields, and the farmer bears the resulting loss," al-Naji told *Atar*. Farmers also face mounting transportation costs as the rains continue and the rainy season advances, bringing many areas into the category of rain-isolated zones, where movement becomes difficult and access to the city is disrupted because freight

"Farming is governed by seasons and precise timetables. Delaying any operation beyond its scheduled time has a negative impact on crop yields, and the farmer bears the resulting loss."
— Ahmed al-Naji, farmer from Al-Gadarif.

vehicles can no longer travel easily.

"In the previous year, between June and October, as the rains continued, the price of a barrel of diesel rose from SDG 650,000 to SDG 750,000, then to SDG 900,000, before settling at SDG 1.05 million," al-Naji told *Atar*. "The rains drove up the price, while small-scale traders continued to exploit farmers' need to complete the agricultural season," he added.

Last year, the hourly rental rate for a tractor to plough an area of five feddans stood at SDG 70,000 at the beginning of the season. As the price of a barrel of diesel increased, the rate rose during the rainy season to SDG 80,000, then SDG 90,000, before settling at SDG 120,000 for the remainder of the agricultural season. At the beginning of the current agricultural season, a barrel of diesel in the city cost SDG 2.07 million, while the hourly rate for ploughing ranged between SDG 190,000 and SDG 200,000. This was based on a gallon price of SDG 42,000 and a barrel capacity of 48 gallons, equivalent to 200 litres, in addition to certification fees. In some areas, the price of a barrel can reach SDG 2.2 million.

A farmer requires the equivalent of around 12 barrels of diesel when the operation, known as *sarwalah* is not necessary. *Sarwalah* involves running a disc harrow over a planted field for a second time after germination, when sorghum and millet have reach the pre-fruiting stage. It is carried out to thin crops when germination has been particularly dense. The operation also indirectly suppresses weeds and improves aeration. In cases where *buda*, a crop disease, appears, farmers may use *sarwalah* instead of pesticides to prevent and control it, making the practice one of the least expensive and most widely accepted methods among farmers.

Farmers in Al-Gadarif remain in a precarious state of anticipation. In some cases, the Agricultural Bank fails to provide farmers with the required agricultural inputs within the prescribed timeframe. Given that timing is critical to the success of the agricultural season, delaying one stage of preparation can have consequences that cannot be reversed by the end of the season. Even when the delayed operation is eventually completed, yields may suffer. In other cases, the quantities of inputs supplied fall short of what is required. Commercial banks, by contrast, generally adhere more closely to schedules when providing farmers with the necessary inputs and the required quantities of diesel, pesticides, machinery and other agricultural supplies.

"The policies of commercial banks are stringent. They impose harsh profit margins and collateral requirements that take no account of our circumstances when disasters or crises strike."
— Farmer in Kassala State.

Kassala

In Kassala State, farmers have complained of soaring diesel prices and transportation costs, threatening the agricultural season in the state. The price of a barrel has risen to around SDG 2 million, prompting many farmers either to abandon cultivation altogether or reduce the areas they plant in an effort to avoid losses.

A farmer in the al-Gargaf area of Kassala told *Atar* that they previously obtained subsidized diesel through the Ministry of Agriculture. Their schemes had to be formally registered and approved by the ministry, after which the farmer submitted an application to the Agricultural Bank branch specifying the cultivated area, crop and type of agricultural activity. The required quantity of diesel was then calculated according to the crop and machinery to be used. Once financing was approved, diesel was included among the agricultural requirements, and the farmer was issued an authorization confirming their entitlement to the allocated quantity. The authorization was then taken to Economic Security for verification, intended to prevent fuel smuggling or illegal resale. Once approved, the farmer could proceed to a fuel station and collect the allocated diesel.

Another farmer in the area told *Atar* that the bank previously financed agricultural operations. Farmers were required to provide proof of ownership of their agricultural land, after which the bank offered financing against collateral. A farmer could pledge one of their assets, either property or agricultural machinery, and the bank would value the collateral at up to 70% of its original worth, alongside requiring security cheques. This arrangement, he said, made it easier for farmers to purchase production inputs.

The bank later shifted to a *salam* financing model, under which it pays farmers the value of their crops in advance to finance their needs for seeds, fertilizer, fuel and labour. In return, farmers commit to delivering a specified quantity of produce, meeting agreed specifications, after harvest. This year, the bank valued an *ardab* – 2 sacks – of sorghum at SDG 300,000, forcing farmers to purchase diesel on the market amid the current crisis. "The policies of commercial banks are stringent. They impose harsh profit margins and collateral requirements that take no account of our circumstances when disasters or crises strike. Instead, they move quickly to enforce the collateral and put our assets up for auction as soon as the repayment deadline expires," he said. He contrasted this with the Agricultural Bank, which, he noted, takes exceptional circumstances into consideration and offers farmers facilities to defer repayment of their financing, sometimes for as long as two years during times of crisis.

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