

**#03 October 2020**

Sesame alerts identify current challenges and outline urgent actions needed in the Ethiopian sesame sector, based on surveys and focus group discussions with various stakeholders.

Sesame transport. (Photo: A. Mekuria)

## Alert 1

Unions and cooperatives have limited access to marketing credit

## Alert 2

Sorghum production, storage, and marketing need urgent attention to prevent losses

## Alert 3

Information on markets is lacking and quality award processes are inadequate

## Alert 4

Basic foods are less affordable owing to increased food prices and lower incomes

# Alert 1

Unions and cooperatives have limited access to marketing credit

## What is the impact?

- More than 70% of survey respondents indicated that cooperative unions and primary cooperatives have inadequate access to marketing credit
- There has been a decline in the number of unions and cooperatives participating in marketing; cooperatives need marketing credit to aggregate members' produce
- Since fewer unions and cooperatives are engaged in marketing, there has been greater collusion on price between traders, leading to reduced revenues for farmers
- The relationship between unions and cooperatives is weak, and marketing management need to be strengthened
- Limited collateral and poor credit repayment history prevent unions and cooperatives from accessing loans from financial institutions that lack knowledge of the agricultural sector
- Whilst concerned stakeholders have discussed the marketing credit issue in past years, there has been an absence of political commitment to find structural solutions
- According to 80% of survey respondents, the government's support for unions and cooperatives in relation to accessing finance has been poor
- When the regional government gives credit to unions, it is not provided on time for the marketing season
- There is a lack of trust from the government in the capacity and management of unions because of previous experiences of loan diversion
- Due to weak stakeholder collaboration, unions receive directions from different government agencies, with limited communication and policy alignment
- Unions and cooperatives are often not as knowledgeable, flexible and agile as traders, resulting in lower marketing profits
- There is no level playing field; unions and cooperatives have less options to use export revenues

## What actions are required?

- Facilitate marketing finance for unions and cooperatives
- Devise some mechanisms to address the issue of marketing credit
- Ask the government to facilitate linking unions and cooperatives to finance institutions, if necessary with the provision of a guarantee, as was done previously with investor farmers and microfinance institutions (MFIs) such as Amhara Credit and Savings Institution (ACSI) and Dedebit Credit and Savings institution (DECSI)

- Improve the credit provision requirements of financial institutions to facilitate the issuing of credit to unions and cooperatives
- Help unions and cooperatives to develop export strategies that give them better access to loans from banks, as well as to private exporters
- Develop new financial products like merchandise loans
- Strengthen the relationship between unions and cooperatives and support them in capacity building
- Facilitate conditions through which unions can obtain marketing credit from other peer unions in other areas
- Facilitate internal capital mobilization for cooperatives and unions
- Encourage unions and cooperatives to build and maintain assets to use as collateral for marketing credit

**What stakeholders are involved?**

- Regional governments
- Regional Cooperative Promotion Agency (CPA)
- Unions and cooperatives, financial institutions
- Bureau of Agriculture (BoA)
- Agricultural Transformation Agency (ATA)

**Who takes initiative? Who drives action?**

- CPA and BoA take initiative
- Unions, cooperatives, and financial institutions drive action



Union warehouse. (Photo: F. Dirks)



Spot market traders. (Photo: F. Dirks)

# Alert 2

## Sorghum production, storage and marketing need urgent attention to prevent losses

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### What is the impact?

- Due to a shift in production from sesame to sorghum, excess sorghum production is expected
- Professional sorghum harvesting, threshing, storage, and marketing has received limited attention
- The availability of good infrastructure for storage is limited and needs to be improved to prevent post-harvest losses
- Sorghum prices may decrease due to excess supply
- Vulnerable farmers might be forced to sell their sorghum at a relatively low price immediately after harvesting, and then later buy it back for consumption at a higher price
- Market linkages and information are critical for the redistribution and sale of excess produce, nationally and possibly abroad
- Demand for sorghum is expected to rise in certain areas since teff is becoming more expensive; as a cheaper option, some consumers may mix sorghum with teff, while others may shift to sorghum altogether
- A large number of people (> 15 million) are in need of humanitarian aid, which is likely to increase due to the threat of desert locust invasion and consequential rise in demand for sorghum
- Whilst there is almost nothing left of last year's sorghum, this year's produce has not yet reached the markets, so this is a critical time for the food security of farmers and others who depend on sorghum

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### What actions are required?

- Organize a platform for major actors - such as the Disaster Prevention and Food Security Programme, the CPA, and the ATA - to discuss the post-harvest handling and marketing of sorghum
- Develop a marketing centre for sorghum, similar to sesame, so that farmers can sell their sorghum at competitive prices
- Organize the supply and availability of threshing machines at cooperative level through lease financing, for subsequent rental to members
- Communicate with government and development organizations to purchase the excess produce and distribute to food insecure areas of the country
- Create market linkages - union-to-union and cooperative-to-cooperative - to match supply and demand, following the ATA's plan to organize a marketing forum between unions in the lowlands and highlands
- Enhance the capacity of unions and cooperatives to engage in sorghum marketing so that they can aggregate and store sorghum, and later sell it to members at a reasonable price, thereby contributing to market stabilization
- Strengthen consumer cooperatives in woreda towns and link them with farmer-producer cooperatives to ensure consumers can buy sorghum at affordable prices
- Link sorghum producers to agro-processing plants (brewery and food industry)
- Study market price information for sorghum in different parts of the country and in regional markets, with the aim of creating market linkages
- Promote improved storage practices - packing produce in airtight bags, using metal silos, storing in well-ventilated warehouses, and conducting fumigation - to reduce post-harvest losses
- Provide financing for long-term investments in the construction of improved storage facilities, especially for sorghum, which is susceptible to pests
- Work towards establishing a warehouse receipt system to help farmers and their organizations to store and sell their produce over time

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**What stakeholders are involved?**

- Disaster Prevention and Food Security Programme - Coordination Office
- Unions and cooperatives
- CPA
- Regional governments
- Ministry of Agriculture and Natural Resources; Ministry of Trade and Industry
- ATA
- Financial institutions

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**Who takes initiative?  
Who drives action?**

- Ministry of Agriculture and Natural Resources; Ministry of Trade and Industry
- CPA
- ATA



*Sorghum field. (Photo: A. Tadesse)*



*Threshing. (Photo: A. Mekuria)*

# Alert 3

Information on markets is lacking and quality award processes are inadequate

## What is the impact?

- The availability of accurate and timely information on prices for farmers is limited, and in most cases the farmers do not know the price of sesame before they take their produce to the spot markets
- Farmers can access market information through the freephone number 6077, but this only includes national prices not spot-market prices, and is time consuming
- Awareness and accessibility of communication and information technologies for reviewing marketing prices online are low
- Information on market outlooks in different countries before the start of the production season is not widely available
- Farmers have less bargaining power due to the lack of information, which, together with trader collusion on price, reduces farmer profits
- Sesame prices are very volatile; sometimes prices differ from one spot market to another
- Generally, quality is not measured or rewarded consistently across various market outlets
- Quality grading depends on a limited number of quality indicators
- There is no incentive for farmers to use improved varieties or technologies to deliver higher quality products to the market because Ethiopia exports in bulk and does not deliver to higher value markets
- New marketing regulations from last year reduce the problem of price fluctuations and inflated national prices, which makes demand and awards for premium quality more attractive
- The Ethiopian Commodity Exchange (ECX) has released new decisions to implement quality-based sesame marketing with different price ceilings based on grades
- Improved quality contributes to international competitiveness and increased export earnings



Farmers bringing produce to the spot market. (Photo: F. Dirks)

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**What actions are required?**

- Follow up on and implement the approved sesame quality marketing decisions
- Develop clear and additional quality criteria for the ECX
- Give special attention to sesame spot-market price information using SMS to reach sesame farmers, based on the lessons learned from previous pilot schemes run by the Sesame Business Network (SBN) within the Bilateral Ethiopia Netherlands Effort for Food, Income and Trade Partnership (BENEFIT)
- Work with universities on the development of sustainable SMS services to disseminate market price information
- Strengthen and promote the use of freephone number 6077 as a national market information service to make it more user friendly
- Establish market price information centres where everyone can access price information through (electronic) billboards in major towns
- Train farmers on how to use different information technologies to access market price information
- Encourage farmers and their organizations to collect price information, use their collective bargaining power and influence prices
- Continue price-monitoring activities and improve market intelligence through service rendering organizations
- Align spot-market practices to quality requirements set by the ECX; train farmers, traders and buyers to supply, transport, store and reward accordingly

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**What stakeholders are involved?**

- Trade and Market Development Bureau
- ECX
- Tigray Agricultural Marketing Promotion Agency
- ATA
- Universities

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**Who takes initiative?  
Who drives action?**

- Trade and Market Development Bureau
- Tigray Agricultural Marketing Promotion Agency
- ECX



*Harvesting. (Photo: H. Tadesse)*

# Alert 4

Basic foods are less affordable owing to increased food prices and lower incomes

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## What is the impact?

- Income levels of farmers and labourers are lower than in the previous season
- The profits made by farmers are smaller than those made by other stakeholders
- The decrease in sesame production combined with price regulation affects the farmers' cash income
- An increase in sorghum production, and the risk of lower prices resulting from excess supply, may also affect farmers' income
- Productivity is impacted by pests and weather conditions, such as heavy winds and rainfall
- The risk of an outbreak of locust infestation in the sesame area is a threat to sorghum, which has a late harvest date
- The majority of survey respondents indicated that food affordability is either very poor or poor
- Food price increases and lower income levels impact the amount and diversity of food consumption
- There are already more than 15 million citizens who need emergency food aid nationwide; unless immediate action is taken, this number may rise
- Labourers are a vulnerable group as their wage income has decreased while transport and accommodation costs have increased

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## What actions are required?

- Organize a mass campaign to harvest matured fields and prevent farmers from additional losses that may occur due to prolonged rain or locust infestation
- Provide adequate and timely weather forecast information
- Protect farmers' valuable assets, such as livestock, by collecting and storing sufficient feed, as reserves to make up for lower incomes
- Strengthen consumer cooperatives and subsidize food items that these cooperatives buy/sell
- Improve usage of allocated government funds for emergency cases to support food security
- Provide access to market credit to help farmers sell their produce at different times or outlets to maximize prices
- Increase productivity levels and reduce production costs by facilitating access to credit for farmers using improved inputs and the adoption of recommended agricultural practices
- Support labour welfare
- Develop food receipts and blend sorghum with other products to improve nutritional diversity

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## What stakeholders are involved?

- Administration and agriculture departments at various government levels
- Disaster Prevention and Preparedness Office
- Consumer cooperatives
- CPA
- Unions and cooperatives
- Labour and Social Affair Offices
- Financial institutions

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## Who takes initiative? Who drives action?

- Administration and agriculture departments at various government levels
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# Dashboard

Outcomes of October Survey Ethiopia

- Very poor
- Poor
- Average
- Good

Details	October	Alert
<b>Production system</b>		
Sesame productivity compared to previous season	■	Alert 4
Sorghum productivity compared to previous season	■	
Labour availability for sesame harvesting activities	■	
Available infrastructure for storing sorghum	■	Alert 2
Availability of machinery for threshing sorghum	■	Alert 2
<b>Ecosystem</b>		
Impact of the amount of rainfall on production	■	
<b>Communities</b>		
Health safety conditions for labourers	■	
Security in sesame production areas	■	
<b>Producer organisations</b>		
Access to marketing credit for cooperative unions and primary cooperatives	■	Alert 1
Unions and cooperative marketing preparations (credit, transport, storage, cleaning)	■	
Financial benefits of trading through the cooperative	■	
<b>Value chains</b>		
Market linkages with processing companies for soya bean	■	
<b>Services</b>		
Accurateness of weather information	■	
Availability of accurate market price information for farmers	■	Alert 3
<b>Market</b>		
Pressure to sell early	■	
National and interantional demand for sesame	■	
Demand for sorghum	■	
Sesame quality grading practices	■	Alert 3
Price incentives for higher grades of sesame	■	Alert 3
Sesame market prices	■	
Sorghum market prices	■	
<b>Policy and regulations</b>		
Marketing rules, regulations and procedures at ECX	■	
New banking regulation of a maximum transfer amount	■	
<b>Investments</b>		
Government support to facilitate access to finance for unions	■	Alert 1
Government incentives to attract investment to the sector	■	
Farmer income levels compared to previous season	■	Alert 4
Profit share of farmers compared to other stakeholders	■	Alert 4
Labourers' income levels compared to previous season	■	Alert 4
<b>Consumption</b>		
Affordability of food	■	Alert 4
<b>Coordination</b>		
Stakeholder collaboration	■	



## Rapid assessment & Sesame Alert

This Sesame Alert is the result of a collaborative effort. A rapid assessment is conducted at country level through a survey and focus group discussions (FGDs), inspired by the model of sector transformation developed by [Aidenvironment](#) and adapted to various sectors by [Wageningen Centre for Development Innovation](#) (WCDI). Regular iterations of the rapid assessment of the sesame sector are performed to identify challenges in the sector and determine the actions needed to address those challenges, leading to the generation of 'Sesame Alerts'. Further details on the methodology and steps used, and on the development of the current document can be accessed through this [link](#).

## Purpose

This Sesame Alert aims to assess the current functioning of the sesame sector in Ethiopia. The aims are threefold: (1) to raise awareness on the challenges in the sector; (2) to prepare alerts to inform decision makers in the government, industry, research, civil society and farmers' organizations, where the impact is felt the most; and (3) to contribute to the planning and implementation of immediate actions and interventions.

Furthermore, the partners are developing these rapid assessments as a tool that can be useful for other sectors. More information on the Rapid Assessment Project can be accessed through this [link](#).

## Alerts in other sectors

Working with a similar model of rapid assessment in various sectors and countries within a specific time frame facilitates an interpretation and synthesis of the functioning of food systems at national, regional and global levels, while also providing insights into coping strategies, and immediate and practical actions needed to address emerging challenges. It furthermore offers insights into the use of sector transformation as a diagnostic tool for supporting strategic development, planning, identification and monitoring interventions that aim to enhance the functioning and resilience of agricultural sectors and food systems.

The 'Sesame Alert' is published within a series of 'Rapid Assessments' and 'Alerts' in multiple countries, and is a WCDI Sector Transformation publication.

### Responsible team:

Anteneh Mekuria, Andualem Tadesse, Hagos Tadesse, Judith Jacobs and Flo Dirks together with the SBN support programme team

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## Partnership

The rapid assessment is implemented by a consortium of partners facilitated by the Sesame Business Network (SBN) support programme, and coordinated by the Ministry of Agriculture, Amhara Regional Agricultural Research Institute (ARARI), and Tigray Agricultural Research Institute (TARI). The SBN support programme is a partner in the Bilateral Ethiopian Netherlands Effort for Food, Income and Trade (BENEFIT) Partnership project, funded by the Dutch Ministry of Foreign Affairs through the Embassy of the Kingdom of the Netherlands (EKN) in Addis Ababa. The SBN support programme aims to contribute to the competitive, sustainable and inclusive development of the sesame sector, including related rotation crops, for increased farmers' income and socio-economic spill-over effects. The SBN support programme is coordinated by Wageningen Centre for Development Innovation (WCDI), part of Wageningen University & Research (WUR) in the Netherlands, which supports value creation by strengthening capacities for sustainable development.

## Contributing organizations

This 'Sesame Alert: Ethiopia' involved representatives of the following organizations in the survey and focus group discussions: Ministry of Agriculture (MoA), Agricultural Transformation Agency (ATA), Amhara Bureau of Agriculture, Tigray Bureau of Agriculture, Amhara Region Agricultural Research Institute (ARARI), Gondar Agricultural Research Centre (GARC), Tigray Agricultural Research Institute (TARI), Humera Agricultural Research Centre (HuARC), Amhara Trade and Market Development bureau, Labour and Social Affairs Office, Woreda Administration offices, Regional Cooperative Promotion Agency and Cooperative Promotion Offices (CPO), Selam Farmers' Cooperative Union, Setit Humera LTD Farmers' Cooperative Union, Sanja Primary Farmers' Cooperative, Dawit Fisseha Seed Producer Plc, Ethiopian Commodity Exchange (ECX), Abay Bank S.C., Lion International Bank S.C., Cooperative Bank of Oromiya (CBO), Dedit Saving and Credit Institution (DECSI), Amhara Credit and Saving Institution (ACSI), Farmers, Labourers, Investor farmers and farmers' associations, Public Health Bureaus, Roads and Transport Offices

## For more information:

Wageningen Centre for Development Innovation  
[info.cdi@wur.nl](mailto:info.cdi@wur.nl) | [www.wur.eu/wcdi](http://www.wur.eu/wcdi)

**Project lead:** Flo Dirks

Email: [flo.dirks@wur.nl](mailto:flo.dirks@wur.nl)

Sesame Business Network/BENEFIT  
[www.sbnethiopia.org](http://www.sbnethiopia.org)

**Project lead:** Anteneh Mekuria Tesfaye

Email: [anteneh.sbn@gmail.com](mailto:anteneh.sbn@gmail.com)