

Sesame Alert

#02 August 2020

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

Ethiopia

Photo: Hagos Tadesse

Alert 1

Health and safety of labourers are of major concern

Alert 2

Small businesses are at risk of collapse

Alert 3

A financial action plan is needed for timely provision of credit

Alert 4

Resource-poor farmers are facing particularly severe challenges

Alert 1

The health and safety of labourers are of major concern

What is the impact?

- Stakeholders emphasize that the main challenges of the COVID-19 crisis relate to health and safety, and transportation costs
- Transport service providers are allowed to carry only half their capacity; consequently, travellers are expected to pay a higher price
- 95% of survey respondents highlighted the fact that the spike in transportation costs has had an extremely negative effect on labourers, who are sometimes required to pay three or four times the regular amount
- Almost 80% of respondents indicated that the social-distancing and health measures implemented by transport services are insufficient
- Hygiene products like masks, sanitizer and soap are either not available or not affordable for labourers who face the rising costs of living and lower income levels
- Investor farmers are transporting labourers in tractors with sometimes more than 30 people together on a single tractor
- Because of high transport costs and security issues labourers are forced to travel in groups, making social distancing impossible and increasing the risk of spreading COVID-19
- Major concerns about health and safety combined with high transportation costs, heavy rainfall and political instability have forced labourers to return home, which has led to labour shortages in several areas; for example, a shortage of labourers for weeding (sesame and sorghum)
- The sesame sector at large is responsible for preventing the spread of the virus and ensuring that labourers receive at least a minimum net income

What actions are required?

- Ensure transport services implement the necessary health measures, adhere to the maximum number of passengers allowed, and make sure face masks are worn
- Encourage investor farmers to arrange safe travel to and from the farm site, monitor the implementation of the investment agreement that obliges investors to provide services to labourers, and provide them with financial support to help cover the additional costs incurred
- Provide hygiene materials and personal protective equipment (PPE), such as masks, to labourers and arrange hand-washing points at bus stations and in local towns

- Reduce unnecessary travel by allowing labourers to stay at investor farms until harvest time wherever possible
- Invest in communication to inform permanent labourers through mass media (radio, TV, megaphones, brochures, etc.) about how the virus is spread and create awareness on the importance of using protective materials
- Ensure that the health of labourers is continuously monitored to reduce the risk of an outbreak of cholera or malaria, particularly in rural areas

What stakeholders are involved?

- Investor farmers and farmers' associations
- Public Health Bureaus (at federal and regional levels)
- Roads and Transport Offices
- Trade and Market Development Bureau
- Regional, zonal, woreda and kebele command posts
- Industry and Investment Bureau
- Labour and Social Affairs Office
- Mass media agencies

Who takes initiative, who drives action?

- Health, Road and Transport, and Labour and Social Affairs Offices to take the initiative; command posts to drive the action, alongside other stakeholders
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Labourers on the move (Photo: Anteneh Mekuria Tesfaye)



Labourers on the move (Photo: Ted Schrader)

Alert 2

Small businesses are at risk of collapse

What is the impact?

- In addition to providing employment for thousands of labourers, the sesame lowlands create a lot of small business and employment opportunities for many people
- These opportunities include female and/or young street vendors selling food and drinks; waitresses/waiters; taxi or delivery services (motorbikes, bajaj and other forms of transportation); commercial sex workers; and landlords (renting out rooms or whole properties)
- 92% of survey respondents indicated that they expect the COVID-19 crisis to have a severe impact on the income of small businesses in the sesame sector
- COVID-related policy regulations and political unrest have led to a reduction in the number of labourers and temporary residents in the sesame-growing areas; farmers have less purchasing power due to the decrease in production, which has resulted in a steep decline in demand for these small businesses
- A large portion of these businesses do not have access to credit, they have no collateral or surety for accessing credit, and no permanent place for work or their business
- Small businesses are extremely vulnerable: if demand falls, their income immediately drops to a minimum, raising the risk that they will become food insecure
- Bureaucracy and limited coordination and synergy among relevant stakeholders to support these small businesses create additional challenges (for example, between revenue and trade offices).

What actions are required?

- Identify the types and number of small businesses that are seriously affected by the current circumstances
 - Gather together similar small businesses into groups and facilitate more favourable conditions for conducting their business activities; e.g. providing licences; helping them find permanent places to work or set up their businesses
 - Urge financial institutions to expand their reach and include vulnerable groups in their credit schemes, giving particular attention to poor women and youth groups
 - Monitor and support those who receive credit: are they using the credit for the intended purpose? is their business profitable? can they repay their credit on time?
 - Provide extensions to loans and tax payments, or introduce a tax relief scheme
 - Support fundraising committees that were formed at the start of the COVID-19 pandemic, with the aim of helping raise money for the poorest in the community, who have been most severely affected by the measures implemented to halt the spread of the virus
 - Provide support in marketing and sales to small businesses that would like to adjust their businesses to the new situation, such as by starting a takeaway or food delivery service
 - Promote income-generating opportunities for vulnerable groups by providing technical training with a focus on new businesses like value addition, home garden production, horticultural crop production, and road construction
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What stakeholders are involved?

- Regional, zonal and woreda level administrations
- Trade and Market Development Bureau
- Zonal and woreda level Technical and Vocational Enterprise Development Bureaus
- Revenue Bureaus, including zonal and woreda level offices
- Microfinance institutions, including Amhara Credit and Savings Institution (ACSI) and Dedit Credit and Savings Institution (DECSI))
- Fundraising committees
- Command posts
- Labour and Social Affairs Office
- Youth leagues

Who takes initiative, who drives action?

- Technical and Vocational Enterprise Development Bureaus, Trade and Market Development Bureau, and woreda administration to take the initiative
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An old labourer wearing a mask (Photo: Hagos Tadesse)



Female street vendor while roasting corn (Photo: Hagos Tadesse)

Alert 3

A financial action plan is needed for the timely provision of credit

What is the impact?

- The particular circumstances of this year have generated some fundamental challenges related to the financing of sesame production and marketing in the lowlands, which require short and medium-term actions
- The availability of formal input and marketing credit for sesame and rotation crops has been significantly reduced, putting the final stage of the production season at risk
- Because of several uncertainties related to the availability and cost of labour, and market demand and prices, financial institutions perceive higher risks of default and refrain from providing credit services, as their performance is measured on the basis of the amount of loans repaid
- Financial resources from farmers' savings, cooperatives, and Rural Saving and Credit Cooperatives, are not enough to finance the increasing costs of field operations, nor to apply recommended agricultural practices
- Farmers are more likely to depend on informal money lenders who charge extremely high interest rates

What actions are required?

- Organize a special forum for developing an emergency financial action plan for this year, led by regional authorities and with the participation of financial institutions (microfinance and banks). Suggested elements of this action plan are the following:
 - o Distribution of fertilizer on credit for top dressing, which would help crops to withstand heavy rainfall
 - o Provision of marketing credit to unions and cooperatives so that they can buy sesame and sorghum from farmers, with an internal on-lending facility for individual farmers to cater to the costs of harvesting
 - o Establishment of a government fund to provide credit guarantees to banks
 - o Government support for sorghum marketing
 - o Credit service for investor farmers who have a liquidity problem that prohibits them from paying labour costs. If investor farmers are able to get credit services on time, they can hire more labourers and pay salaries in a timely manner
 - o Access to purchasing capital or subsidies for consumer and producer cooperatives to supply important food items (edible oil, nutritional food) at a fair price to poor communities, including labourers, small businesses and farmers
- Institutionalize a multi-stakeholder forum, led by the Ministry of Agriculture, for developing a medium-term action plan for financing the sesame sector. Elements for structurally addressing challenges in agricultural finance are the following:
 - o Support for farmers' financial literacy and promotion of farmers' savings
 - o Internal resource mobilization of farmers' cooperatives
 - o Rating of farmers, cooperatives and unions for determining their eligibility for loans
 - o Marketing credit for unions and cooperatives
 - o Promotion of Rural Saving and Credit Cooperatives
 - o Change in loan policies and products of financial institutions, and improved loan management practices
 - o Guarantee schemes for financial institutions to share risks, which could be provided by governments or international partners
 - o Development of contract farming modalities

What stakeholders are involved?

- National government
- National Bank of Ethiopia
- Regional governments
- Financial institutions (commercial banks and microfinance institutions)
- Primary cooperatives and cooperative unions
- Investor farmers and their organizations
- Large private and semi-public companies
- Agro-processors and exporters
- Bureaus of Agriculture (BoAs) and zonal/woreda offices of agriculture
- Regional Cooperative Promotion Agencies
- Bilateral Ethiopian Netherlands Effort for Food, Income and Trade (BENEFIT) Partnership project, the Sesame Business Network (SBN), the Agricultural Transformation Agency (ATA) and other development organizations

Who takes initiative, who drives action?

- Regional governments and the Ministry of Agriculture to take the initiative; financial institutions and farmers' organizations to drive the action
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Interview with smallholder farmer (Photo: Hagos Tadessa)

Alert 4

Resource-poor farmers are facing particularly severe challenges

What is the impact?

- Certain groups of farmers appear to be more severely affected by the COVID-19 crisis than others
- Resource-poor farmers - in particular those renting land or living in remote areas - and female-headed households face many production and marketing challenges
- A huge supply of sorghum is expected; nearly half of the cultivated area of the lowland woredas is planted with sorghum, for which marketing could become a problem if excessive production leads to a fall in market prices
- 94% of the respondents expect that small-scale, resource-poor farmers will be significantly more impacted by a loss of income than other farmers, especially in areas affected by extreme rainfall
- Many farmers did not move from higher altitude zones to rent land in the lowlands this year due to fears about COVID-19 and are therefore not producing food or earning an income
- Farmers who are far from roads and towns cannot be reached by extension services or financial institutions because of restrictions in mobility
- Resource-poor farmers are less eligible for loans and more dependent on informal money lenders, who provide credit at very high interest rates
- Because cooperatives and unions are not being able to access credit on time, their smallholder members have to sell their products to traders, who often do not pay fair prices

What actions are required?

- Use all means, especially radio, printed production guides and communication via farmer cooperatives, to provide technical advice for achieving the best possible production that can partly offset the expected drop in income
- Facilitate access to credit for resource-poor farmers from formal financial institutions so that they can bear the (labour) costs for the remaining production activities
- Organize and support young and women farmers who have access to water to produce vegetables using irrigation, by availing of credit for seed and water pumps to compensate losses during the rainy season
- Urge unions and cooperatives to provide support to women, young and resource-poor members and facilitate collaboration between strong and weak unions
- Encourage microfinance institutions to pay special attention to resource-poor farmers in line with their mandate to promote rural development and reduce poverty
- Organize affected groups and provide business opportunities like producing poultry, goats and sheep; collecting sorghum by-products for animal feed; and supporting value-adding activities for sorghum (bread, mixed food products)

What stakeholders are involved?

- Regional, zonal and woreda administrations
- Command posts
- Smallholder farmers, women, re-settlers and other affected groups
- Primary cooperatives and unions
- Bureaus of Agriculture and Regional Cooperative Promotion Agencies
- Financial Institutions
- Agro-processors and entrepreneurs
- Development organizations

Who takes initiative, who drives action?

- Command posts at different levels to initiate action
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Dashboard

Outcomes of July- August Survey Ethiopia

- Severe negative impact
- Negative impact
- Slight negative impact
- No significant impact

Sesame sector operations and services	August	Alert
Field operations	■	
Ability to deal with weather conditions	■	
Labour demand	■	
Access to extension services	■	Alert 4
Accessibility of pesticides / herbicides	■	
Cost of production and cash availability	■	Alert 3
Credit provision by financial institutions	■	Alert 3
Credit provision from informal resources	■	
Timeliness of the availed credit	■	Alert 3
Costs of informal credit	■	
Government support to financial institutions for the sesame sector	■	
Labour transportation costs	■	Alert 1
Labour health conditions during transportation	■	Alert 1
Labour welfare/health safety support from (investor) farmers	■	
Labour welfare/health safety support from authorities	■	
Labour income	■	
Labour cost of living	■	Alert 1
Income generation by vulnerable farmers	■	Alert 4
Income generation by vulnerable groups (small businesses)	■	Alert 2
Food prices	■	
Amount of food consumed	■	
Acces to nutritious food	■	
Demand for and availability of health services	■	
Awareness on COVID-19	■	
Compliance with COVID-19 measures	■	
Market demand for sesame and sorghum	■	

Rapid Assessment & Sesame Alert

To avoid a food and hunger crisis following the current COVID-19 pandemic, urgent action is needed to address key agricultural challenges, including bottlenecks, identified in the sesame sector. 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 \(WC DI\)](#). 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 impact of the COVID-19 crisis on the functioning of the sesame sector in Ethiopia. More information on the Rapid Assessment Project can be accessed through this [link](#).

Alerts in other sectors

The Alerts cover the impact of the COVID-19 crisis on the functioning of the seed, fertilizer and horticultural sectors in other countries. The use of the tool for other specific commodities, such as dairy and potato, is also being explored. 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 impact of the COVID-19 crisis on 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.

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 (WC DI), 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), Labour and Social Affairs Office, Woreda Administration offices, Regional Cooperative Promotion Agency and Cooperative Promotion Offices (CPO), Metema Farmers' Cooperative Union, Tsehay Farmers' Cooperative Union, Setit Humera LTD Farmers' Cooperative Union, Selet Hulling Plc, Dawit Fisseha Seed Producer Plc, Ethiopian Commodity Exchange (ECX), Abay Bank S.C., Commercial Bank of Ethiopia (CBE), Cooperative Bank Oromiya (CBO), Dedebit Saving and Credit Institution (DECSI), farmers, labourers, fundraising committees, revenue bureaus, youth leagues, Technical and Vocational Enterprise Development Bureaus, investor farmers and farmers' associations, National government, National Bank of Ethiopia, Public Health Bureaus, Roads and Transport Offices

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

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