

## Sesame markets in Ethiopia: a baseline survey

Ethiopia is among the top-five producers of oilseeds in the world and known in the international market for sesame. In the last few years, sesame production and marketing has shown very significant growth. Similarly, there is considerable international market demand for Ethiopian sesame seed, and this is expected to continue increasing. The increasing international market demand for sesame is not only evident in the rise of export volume but also in new buyers coming to the market.

Despite the country's immense potential to increase its production and productivity and significantly increase the international market's demand for sesame, both the production and marketing system of sesame is full of challenges for all involved parties. The level of productivity of sesame (seven quintals/hectare) is by far below 50% of the estimated potential of the country and the average productivity level of other sesame-producing countries.

Similarly, the sesame value chain is hampered by a variety of constraints, primarily severe coordination challenges. Small amounts of

sesame must be collected from a multitude of farmers, which then need to be transported and sold to different markets. As a result, there are transaction risks and high chain costs due to inadequate coordination among the chain actors.



### Baseline survey

A baseline survey was conducted in 2009 in two main sesame producing areas: Humera (East Tigray) and Wellega (East Wellega) among 1382 farmers and 36 small traders (collectors).

### Production

In Humera, farmers do not diversify much, mainly growing sesame and sorghum. The agro-ecological conditions are much harsher in this region, and sesame is the most important cash crop for most farmers. Farmers mostly grow the white *humera* type of sesame.

By contrast in Wellega, the agro-ecological conditions are more favourable and farmers grow more crops. Sesame is only one of the several cashcrops. In Wellega farmers mostly grow the brown *wellega* type of sesame, which is used for oil.

Labour costs are the most important cost item in sesame and provide a bottleneck to sesame production, especially in harvesting time.

A lack of improved seed was mentioned by sesame farmers in East Wellega as the most important problem, followed by a shortage of input supply, which is mainly fertilizer. Unlike farmers in East Wellega farmers, farmers in Humera mentioned drought/inadequacy of rain as the most important problem, which is the lowest-ranked problem for East Wellega farmers.

### Trade arrangements

Farmers sell through different market outlets, mostly at different times. In Humera, the most important trade arrangement is selling directly to nearby local markets, followed by selling to cooperatives. But for farmers in East Wellega, the priority is selling to cooperatives, followed by selling directly to nearby local markets. An interesting observation can be made from this information.



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VC4PD Brief 4

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Farmers in East Wellega prefer selling through cooperatives despite not having sufficient practical experience selling through this arrangement. They merely prefer it because they are dissatisfied with the current arrangement and have been persuaded by local cooperative promoters that this arrangement will benefit them. Therefore, the basis for this kind of choice is not entirely reliable since it may be motivated by a desire rather than by a tried and tested practice.

The overwhelming majority (91.6%) of sesame farmers interviewed reported that they sell to different sesame collectors, while the remaining 8.4% reported that they sell to the same collectors. Farmers in both Humera and East Wellega reported that they visit approximately two buyers on average, despite a significant difference in volume of sales.

## Trust

Farmers in both regions indicated that buyers impose different problems on them. Some of these problems were swindling with weighing scales, withholding market and price information, unnecessarily disqualifying their sesame, collusion between buyers to suppress producers' bargaining capacity, etc.

As a result of these problems, the majority of producers feel that buyers offer them unfair prices for their sesame. Only about 40% of all the interviewed sesame farmers reported that they fetch prices commensurate with the quality of their sesame.

Consistent with their report that there are significant high marketing problems (57.6%), producers in East Wellega indicated that their trust vis-à-vis buyers is very low (56.8%), while in Humera there is some deviation, with 34% indicating high trust versus 20% indicating significant marketing problems.

## Solutions

For farmers in Humera, the three most important solutions for overcoming the problems associated with sesame marketing are: the availability of market information and transport facilities, followed by the need for regional government involvement regarding the control and regulation of sesame prices. On the other hand, farmers in East Wellega mentioned the availability of reliable and competent buyers in the first place, and the availability of market information and transport facilities in the second and third places, respectively. The availability of competent farmer cooperatives, the availability of credit facilities and

eliminating/minimizing the role of brokers as well as stabilizing the sesame market are also mentioned as possible solutions for minimizing sesame transaction problems.

## View from collectors

Collectors were asked to indicate problems related to the sesame trade in both regions. Overall, 96.5% of collectors who responded to this question indicated that the lack of reliable market information is their most critical problem, followed by price instability or fluctuation (94.6%). A shortage of working capital is reported to be the third most important problem (86.5%) for all collectors. Different solutions have been proposed by collectors in both areas. Gaining access to reliable sesame market information is the first and most important solution proposed by collectors from both areas.

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