

Sesame Business Network in North West Ethiopia: introduction of a 3 year support program

Towards a stakeholder-owned innovation network for
improved value chain performance and farmer benefits

Centre for Development Innovation, Wageningen UR - January 2013

This introductory note outlines the main features of a 3 year support program (2013-2015) for the establishment and dynamic functioning of a Sesame Business Network (SBN) in North West Ethiopia. The actors of 10-20 local Sesame Business Clusters are the backbone of the Network. The SBN and its support program are driven by entrepreneurs and stakeholders at different levels who work together to realize their individual and common economic goals, so as to arrive at more competitive, sustainable and inclusive sesame value chains.



Sesame: a priority crop with high potential

Sesame is an important agribusiness sector in Ethiopia. It is one of the six priority crops in the Agricultural Growth Program (AGP). Although it already has a significant turnover, the sector has substantial potential for further growth and development. Referring to national policies, a support program for the highly promising Ethiopian sesame sector was solicited by the Embassy of the Kingdom of the Netherlands (EKN) in Addis Ababa and the Netherlands' Ministry of Foreign Affairs in The Hague.

Designing a Sesame Business Network (2012)

The proposal for the Sesame Business Network and the related support programme has been developed by the Centre for Development Innovation Wageningen UR in 2012 in three major steps: i) Literature review and scoping mission (March 2012); (ii) Participatory workshop with sesame sector stakeholders (April 2012); and (iii) Operational planning mission (July 2012). These steps led to the submission of the program proposal in August 2012 and its approval in December 2012.

Current situation: facts and figures

Ethiopia is the fourth biggest producer and second biggest exporter of sesame in the world, and national sesame production has more than doubled in the past 5 years. Between 2007 and 2011, Ethiopia exported 1.1 million tons of sesame for a total value of 1.3 billion USD. Sesame production is currently well beyond 300,000 tons per year. It accounts for 90% of the value of exported oilseeds, estimated at 379 million USD (FAOSTAT 2012).

Ethiopian sesame sector: room for improvement

- ❖ Sesame can be grown between 500 and 1500m altitude, requires high temperatures (>25°C) and 300-750mm annual rainfall.
- ❖ The yield gap is large; average yields (4 quintal/ha) are far below potential. There is a tendency towards decreasing yields, because of mono-cropping and soil fertility degradation.
- ❖ Seed varieties are of shattering types. Seed sources are mainly farmed saved seed or imported from Sudan. Some new varieties are available.
- ❖ There is much potential for improving agricultural practices; timely land preparation is an issue, the use of fertilizer and pesticides is insignificant and the incidence of pests and diseases is high.
- ❖ Post-harvest and storage losses are high, often > 30%.
- ❖ Sesame is labour intensive; harvesting requires 30-40 person-days per hectare. Labour shortages and hardship conditions incur relatively high labour costs. At peak times, the sesame zone of NW Ethiopia hosts up to 500,000 seasonal labourers.
- ❖ Agricultural credit is largely informally organized; credit comes at a very high cost to farmers.
- ❖ Sesame is often poorly cleaned and graded. Little value addition takes place in Ethiopia; processing, tracing and certification are at their infancy.
- ❖ Most of the Ethiopian sesame is exported to low-value markets; Ethiopian sesame fetches below the average world market price. The white Humera type sesame has however a good reputation in the international bakery and confectionary sector.

Humera and Metema production zones

The country's main sesame production areas are located in the semi-arid lowlands of North-West Ethiopia, especially 6 AGP woredas (Humera, Tsegede and Wolkayit in Tigray and Metema, Quara and Tach Armachiho in Amhara). These production zones account for more than 70% of the national production and are therefore the focal area of the Sesame Business Network and its support programme. Implementation of activities is as much as possible decentralized to the level where sesame production and marketing take place.

Sesame Business Network: directed by its stakeholders

The main stakeholders in the sesame value chain, as identified by participants of the April 2012 stakeholder workshop, are:

- Value chain operators: small, medium and large producers, cooperatives and unions, brokers and traders, processors, ECX, exporters, ...
- Value chain supporters: labourers, banks and microfinance institutions, local loan providers, transporters, consultants, ...
- Value chain enablers: Bureau of agriculture, agricultural research, woreda administrators, ...

These stakeholders often work insufficiently together. One of the most important objectives of the SBN support program is to promote stakeholder collaboration at different levels. From collaboration in Sesame Business Clusters at local level to stakeholder collaboration at regional and national level.

Main challenges

Stakeholders identified the multiple challenges of the sesame sector in North West Ethiopia. The following word cloud shows the main challenges, which are confirmed in the literature and by resource persons:



This led to the prioritization of four major challenge areas:

1. Agro-input supply and financial services;
2. Production/agricultural practices;
3. Value addition and marketing;
4. Enabling environment and support.

SBN approach

The sesame sector is treated as a business sector, that is why it is called Sesame *Business Network*. Improving the economic performance of the sesame sector is central, whereby improved business performance forms the driver for stakeholder collaboration. Members/participants of the SBN set the agenda and drive the activities of the network, e.g. they decide on the challenges to address. Improved performance and benefits are the motivation for voluntary stakeholder participation. Research, extension, training and facilitation services are supportive to SBN member initiatives. Capacity and innovation development, in combination with knowledge sharing and learning, support the effective development and uptake of innovation to address stakeholder identified challenges.

Local sesame business clusters : building blocks of the SBN

Local Sesame Business Clusters (SBC) are the building blocks of the Sesame Business Network. An SBC is defined as a network of local actors that voluntarily organize themselves around the sesame value chain to achieve their individual and common goals. As value chain operators, sesame producers and the buyers of sesame are at the core of these SBC's. Based on value chain and stakeholder analysis, it is expected to work with 10-20 local SBC's in the six woredas of the Humera and Metema sesame production zones.

HUMERA	METEMA
Lead role for investor farmers: - Kafta Humera FO	Lead role for investor farmers: - Investor farmer cluster
Lead role for farmers' organizations: - Setit Union (around Humera town) - Dancha Union (Tsegede woreda) - Wolkayit Union (Maygeba production zone)	Lead role for farmers' organizations: - Metema Union - Farmers of Tach Armachiho - Farmers of Quara
Lead role for companies, e.g.s.: - Selet Hulling - OLAM International - AgroProm Dipassa - Warka Humera Trading House	Lead role for companies, e.g.: - Kaleab Trading House - ...
Government facilitated marketing: - ECX Humera	Government facilitated marketing: - ECX Gondar (Metema)



Goals and objectives of the Sesame Business Network

The current situation and performance of the sesame business sector in North-West Ethiopia and challenges identified by its stakeholders are the point of departure. Local, regional, and national stakeholders are invited to participate in the Sesame Business Network and to drive the innovation processes towards improved performance and benefits.

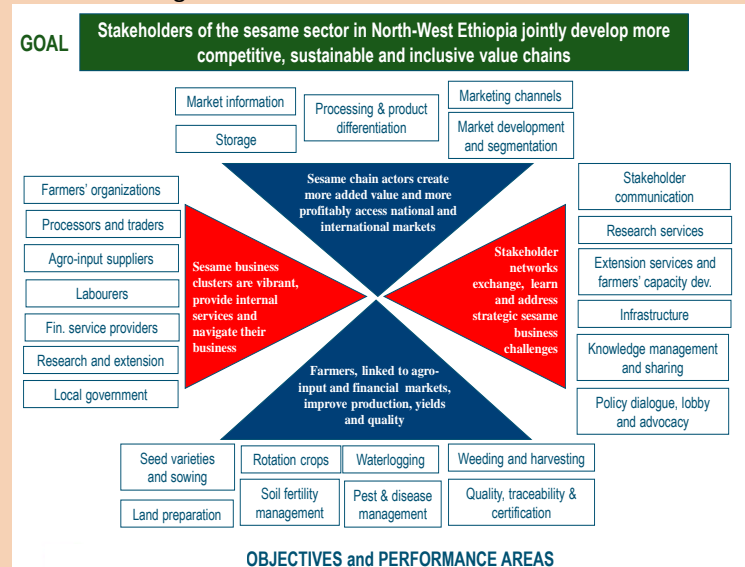
Stakeholder and value chain dynamics, driven by local entrepreneurs and their partners, are thereby at the heart and determine the success of the Sesame Business Network. This is reflected in the formulation of the overall goal of the Sesame Business Network.

Goal of the Sesame Business Network: Stakeholders of the SBN jointly develop more competitive, sustainable and inclusive sesame value chains

To achieve the overall goal of the Sesame Business Network, the following specific objectives are pursued:

1. Sesame business clusters are vibrant, provide internal services and navigate their business;
2. Farmers, linked to agro-input and financial markets, improve production, yields and quality;
3. Sesame chain actors create more added value and more profitable access national and international markets;
4. Stakeholder networks exchange and learn, and address strategic sesame business challenges.

The Sesame Business Network seeks to promote and combine stakeholder collaboration, both at local and strategic level, and value chain development and innovation, both at the production-push and market-pull side. The figure below summarizes the goal and objectives of the Sesame Business Network, as well as the related challenge areas.



SBN Support Program: research, extension, training and facilitation services

Based on funding of the Netherlands Government, a three year support program provides support to the Sesame Business Network in four areas:

1. Support to (local) sesame business clusters
2. Innovation development and testing
3. Knowledge and innovation brokering
4. Planning, monitoring and evaluation for learning

The actual content of the support programme is oriented by the stakeholders. These include those research and extension service providers in the respective locations. The support program therefore also targets the technical and service provision capacities of these institutions in becoming more innovative, market oriented and effective in their brokering of knowledge and technologies. The tables on the page overleaf outlines these four activity domains, indicating proposed support services and the implementation modalities. The budget of the SBN support program is structured according these activity domains.

Institutional embedding

The success of the Sesame Business Network depends on institutional embedding and ownership and active participation at local, regional and national level. It is at the local level that sesame value chain actors can meet, interact and do business transactions; this is the level of the envisaged Sesame Business Clusters.

The regional level comprises the six AGP woredas of the Humera and Metema sesame production zones and relevant public and private sector organizations at State level. At these levels, many organizations can directly or indirectly provide services to the sesame sector in North West Ethiopia and/or enable its functioning.

At the national level, the SBN will actively communicate results and experiences, for instance with Ministries, ATA, private sector associations such as EPOSPEA and development partners and development organizations (a.o. ACIDI-VOCA, IFDC, SNV, Agriterra).

Staffing and logistics

A team of facilitators and coaches will be recruited to coordinate and implement the support program. Both in Humera and Metema, a team of three Sesame Business Cluster coaches (SBC coaches) is foreseen. The team of SBN facilitators, providing services to both production zones and making the link to higher levels, will be based in the centrally located town of Gondar, which is also an important sesame trading centre. The three teams will have appropriate office and transport facilities.

SBN facilitators, based in Gondar SBA facilitation team leader, senior with agro-economic profile SBA facilitator with agronomic background SBA facilitator with communication background Financial-administrative officer	
SBC coaches Humera Coach with agronomic background Coach with economic background Coach with communication and extension background	SBC coaches Metema Coach with agronomic background Coach with economic background Coach with communication and extension background

Coordination and synergy

The SBC coaches will work under the coordination of the Humera and Gondar Agricultural Research Centres. The SBN facilitators will work under the coordination of the Centre for Development Innovation (CDI) of Wageningen University and Research Centre (WUR). CDI will provide overall support for the development of the Sesame Business Network and facilitate collaboration with key players in the sesame sector.

The SBN will have an important coordination role. In addition to an information clearing house function (centralizing, developing and sharing relevant information on the sesame sector), it will also have an important liaising and matchmaking role : articulation of local, federal and intermediate levels, facilitation of business linkages and linkage of sector stakeholder action plans (especially SBC action plans) to different development projects and specialized service providers.

Financial instruments and management

The SBN support program has different financial instruments that will be used to respond to priority needs of sesame sector stakeholders. For the local level, in addition to the coaching services, the following options exist for supporting SBC action plans:

- Capacity development facilities : both for SBC actors and for SBC service providers
- Innovation grants : supporting development and adoption of innovations by SBC stakeholders
- Student work for SBC's
- Facility for exchange visits

All kinds of other facilities exist for supporting the sesame sector stakeholders beyond the level of specific Sesame Business Clusters.

Planning of activities (2013)

The Sesame Business Network will be marked by iterative planning and adaptive management. Demand-driven service provision is a key feature of the SBN support program. The following table summarizes the planned activities for 2013:

First semester 2013 : <i>Kick-off and first planning</i> <ul style="list-style-type: none"> - Staff recruitment and logistics - MoU's, contracts and financial-administrative organization - Inception workshops - Sesame business cluster case studies (baseline data, stakeholders, on-going activities and challenges) - SBC action planning - Review SBC action plans - Capacity building needs assessment - Planning workshop - Pro-active exploration of options for different challenge areas - Start of some strategic studies 	Second semester 2013 : <i>Testing innovations during 2013 sesame season</i> <ul style="list-style-type: none"> - SBCs work on prioritized challenges - Communication strategy and modalities - Workshop on strategic innovation and identification of innovation teams - Thematic events - Workshop with first year results -
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Annex: Service areas of the SBN Support Program

The support program essentially provides research, extension, training and facilitation services to the activities undertaken by sesame sector stakeholders themselves.

The tables below further outline the support services according to four activity domains and they provide some information on implementation modalities.

1. Support to (local) sesame business clusters

Support services (What?)	Implementation modalities (How?)
Capacity development of specific actors of AB clusters	<ul style="list-style-type: none"> - Needs assessment, prioritization and planning (SBC coaches) - Capacity development facility SBCs - Contracted trainers
Capacity development of local service providers according to 'sandwich model'	<ul style="list-style-type: none"> - Needs assessment, prioritization and planning (SBA facilitators in collaboration with ARCs and BoAs) - Capacity development facility for SBC service providers - Contracted trainers
Support to training institutes	<ul style="list-style-type: none"> - Support to extension training institutes and TVETs to provide training
Coaching of sesame business clusters and activity planning;	<ul style="list-style-type: none"> - SBC coaches facilitate cluster meetings (analysis, planning, monitoring and evaluation) - Outsourced coaching support

2. Innovation development and testing

Support services (What?)	Implementation modalities (How?)
Demand-driven, action-oriented research and studies	<ul style="list-style-type: none"> - SBC innovation grants - Student field assignments and internships SBCs
Pro-active exploration of possible new options	<ul style="list-style-type: none"> - MSc studies - Consultancies (national and international)
Professional backstopping	<ul style="list-style-type: none"> - SBA support programme staff training - Back stopping Meset Consult PLC
Participatory policy development	<ul style="list-style-type: none"> - Innovation teams working on themes decided upon by sesame platform - Strategic innovation grants



3. Knowledge and innovation brokering

Support services (What?)	Implementation modalities (How?)
Sesame workshops and platform meetings	<ul style="list-style-type: none"> - SBC workshops, Metema and Humera, bi-annual - SBA workshops NW Ethiopia, bi-annual - Sesame platform (twice per year)
Information and knowledge management	<ul style="list-style-type: none"> - Capitalization of experiences, possibly through 'writeshops' - Development of basket of options - Manuals and toolboxes for extension
Communication	<ul style="list-style-type: none"> - Website / Information portal - Newsletter, briefs - Exchange visits / experience sharing facility - Radio - Film
Capitalization and sharing of SBA results	<ul style="list-style-type: none"> - SBA publications - SBA national seminars

4. Planning, monitoring and evaluation for learning

Support services (What?)	Implementation modalities (How?)
Planning modalities	<ul style="list-style-type: none"> - Activity based financial management - Inception workshop / starting off with existing activities - SBC action planning - Review ABC action plans and grant application
Baseline and performance indicator monitoring	<ul style="list-style-type: none"> - Sesame business case analysis with baseline date - Determination of key indicators and baseline reporting format - Indicator monitoring by SBCs and key stakeholders
Cluster performance assessment	<ul style="list-style-type: none"> - CSF framework - Self-assessments
Adoption and impact studies	<ul style="list-style-type: none"> - Adoption and impact studies on range of innovations, related to challenge areas, by SBN support team and local consultants
Reviews	<ul style="list-style-type: none"> - Internal mid-term review - Internal final review - External review

