



Bottom-up planning, stakeholder collaboration and input credit for successfully transforming the sesame sector

Executive summary

Multiple bottlenecks restrict the adoption of good agricultural practices by sesame farmers in North West Ethiopia: lack of finance, limited access to seeds and agricultural inputs and lack of machinery. By applying the recommended practices farmers can double their yields and earn 10,000 ETB more per hectare (with spot market price of 4000 ETB/quintal). If farmers would optimally produce, the country could earn millions of dollars of additional export revenues. To address the challenges and grasp the opportunities, a bottom-up agro-economic planning approach is proposed. It starts at kebele level and is based on the collaboration of BoA, financial institutions and farmers' organisations. It allows to take well-informed decisions for realistic investments in the sector.



Recommendations for action

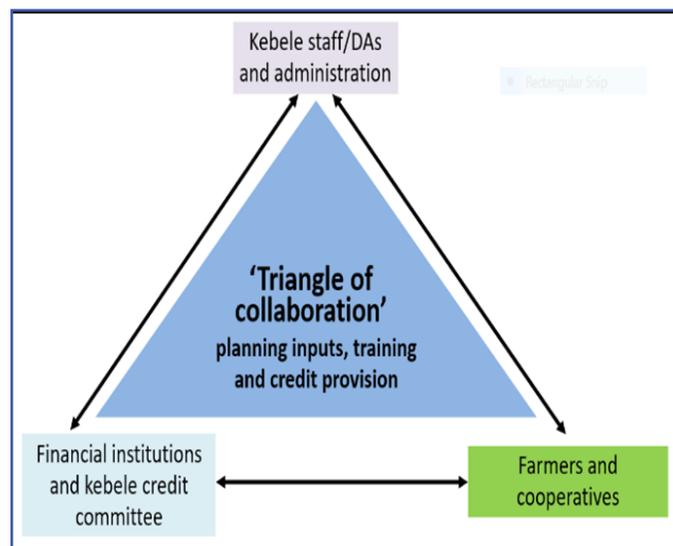
- Vision 2025: Kebele Agro-Economic Planning in all sesame producing woredas and kebeles.
- Bottom-up and collaborative planning is an integral part of regional planning and monitoring system, with digitalisation of information.
- Full commitment of regional level authorities and key stakeholders (Bureaus of Agriculture, regional financial institutions, cooperative promotion agency and cooperative unions)
- Official letter jointly signed by mentioned regional authorities, before mid-December 2019, for establishing tripartite teams for joint agro-economic planning process and giving directions for KAEP implementation.
- Target 2020: KAEP applied in 50 kebeles in 13 woredas.
- Training of experts and kebele committees before Ethiopian Christmas and kebele and woreda planning before the end of February 2020.
- Develop/adapt financial products for the sesame sector. For full adopters, avail input credit of 5,000 ETB per hectare, with a ceiling of 50,000 ETB per farmer per year.
- Effectuate loan disbursements in 2nd quarter (April-June) to ensure that loans are used for purpose.
- Communicate clear guidelines and modalities for ACSI loans in all zones in Amhara and for DECSI loans in Western and NW Tigray.
- Set targets for acreages with full adoption
- Regional authorities to jointly decide on targeted acreages with full package and the related input credit amount that is targeted for locally selected sesame farmers. Suggested:
 - For 2020 (50 kebeles) : 20,000 hectares with full adoption and related specific input credit facility of 100 million ETB (5,000 ETB/ha).
 - For 2025 : 300,000 hectares with full adoption and related 1.5 billion ETB credit facility.

Problem statement

The yield gap in sesame production is large. Yields per hectare can double and farmers could earn much more than they do now. Because of low yields, Ethiopia misses millions of dollars of export earnings. Access to input finance is the most important limiting factor; access to seeds, agro-inputs and machinery is also insufficient. Successful sesame sector development needs coordinated action of different stakeholders who work together as a team and plan required actions and investments. Improved input finance require specific financial products and modalities for the sesame sector and targeting of eligible farmers.

Facts, experiences and lessons learned

- Kebele Agro-Economic Planning (KAEP) tool available (guide and format)
- 50 kebele teams (13 woredas) have experience working with the KAEP tool
- Recognition that the planning tool helps to analyse and visualize kebele realities and to identify seed, agro-input, training and input credit needs.
- Regional BoAs and ACSI/DECSI provided directions in writing to zones and woredas involved. Indications that KAEP may lead to required change in the planning and monitoring system.
- 13,000 hectares targeted for full package application (2019, 50 kebeles)
- One out of three farmers trained in 20 steps GAP were found eligible for input credit.
- Selection criteria: confirmed sesame farmers trained in 20 steps, willing to apply good practices, with capacity to finance part of the farming activities and good loan repayment track record.
- Encouraging follow-up in 5 woredas, showing the proof of concept that input credit can be targeted based on careful planning and farmer selection.
- Farmers' input finance need estimated at 5,000 ETB per hectare (50% of total production costs)
- Need to develop/adapt financial products for the sesame sector; the risk that credit is not used for the intended purpose is reduced if local screening leads to careful selection of farmers and credit is availed just before the start of the season.
- The analysis of credit needs and gaps - per kebele, woreda and the sesame zone at large - can be used to define the efforts needed to avail enough credit to the farmers, without which production improvement will not be possible.



Opportunities

- KAEP can be building block towards improved planning, implementation, M&E and digital information management
- Smart investment in the sesame sector to double yields, double farmers' income per hectare and double Ethiopia's sesame export earnings.
- With an acreage of 600,000 hectares and a price of 4,000 ETB, one quintal production increase per hectare amounts to 2.4 billion ETB (80 million US dollars)
- Create a win-win situation for collaborating organisations (Bureau of Agriculture, financial institutions and cooperative unions).