

# UNLOCKING SESAME FARMERS' POTENTIAL FOR FAIR TRADE IN SOUTHERN TANZANIA

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**Country:** Tanzania

**Sector:** Agriculture

*A recently established partnership between SNV and the Fair Trade Labelling Organisation (FLO) promises to lead to a number of potential opportunities that will improve the functioning of sesame supply chain in Tanzania. In March 2009, SNV and FLO established relationships with both the public and private sectors in Lindi and Mtwara Districts in Southern Tanzania through the South Sesame Initiative programme.*

*The partnership initiated a dialogue among all stakeholders to help the individual actors gain understanding of everyone's position in the sesame supply chain. In view of the partnership, the case study presents results and emerging opportunities for improvement and development of sesame in the mainstream of edible oilseeds value chain; and highlights the laid foundations of the partnership for a promising future of the actors actively involved in the sesame value chain development in South Eastern Tanzania.*

## INTRODUCTION

### **The link between Cashew and Sesame**

The Southern Region of Tanzania is amongst the poorest of the country. It is estimated that the regions of Mtwara and Lindi have about 382,497 agricultural households and out of which about 44,332 grow sesame, with total production in 2006-2007 of 38,000 tons of sesame. The land is ideal for the growth of the sesame and cashew, two valuable export crops.

Understanding the potential for cashew crop and other export commodities, the government of Tanzania established basic infrastructure and systems to support the production in Mtwara. A harbour exists for the sole purpose of exporting goods, primarily Tanzanian "gold", otherwise known as cashew nuts. Additionally, Agricultural Marketing Cooperative Organizations (AMCOs) have been established as well as warehouses and marketing systems, however livelihoods are not changing and the harbour basically inactive.

Most cashew nut farmers also grow sesame, however, the value chain is not fully developed. The various actors are neither organized nor working towards overall improvement of the sesame sector. The partnership between SNV and FLO will explore sesame as an alternative crop with international market potential to improve livelihoods through a Fair Trade Labelling initiative. The partnership established a program now referred to as "Sesame in the South."

### **The merits of sesame**

Sesame is currently the main export oriented oilseed crop in Lindi and Mtwara Regions and account for 35% of the total sesame export in Tanzania. Sesame exports increased from 25,000MTs in 2006 to about 50,000MTs in 2009. World demand for sesame seeds, as shown in table 1 below, is on the increase.

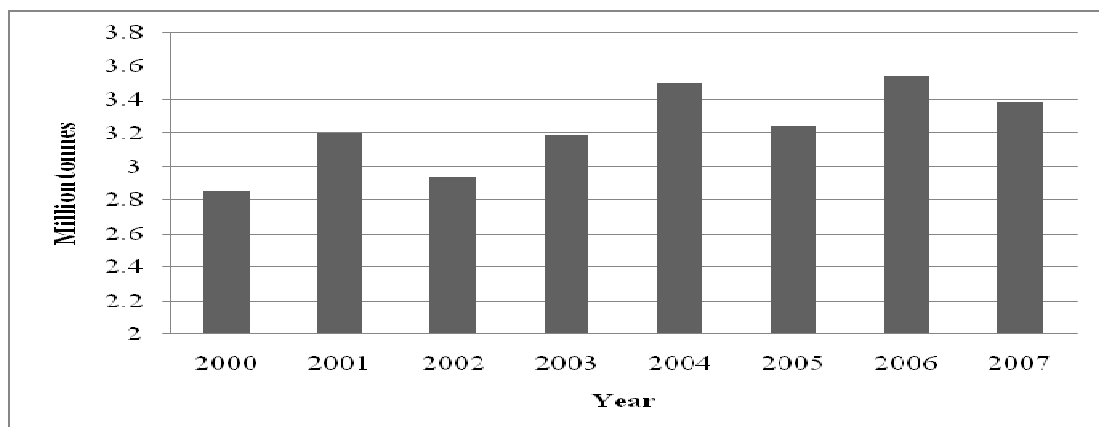


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## CHALLENGES

Table 1: World Demand for Sesame seeds



Thus, SNV and Fair Trade Labelling Organization (FLO) see it relevant to pull the South Sesame, through Local Capacity Builders (LCB), Rural Oriented Sustainable Organisation (ROSDO), in the mainstream of edible oilseeds value chain in the country.

According to the available studies including those conducted by SNV- Portfolio Central in 2009 in Lindi and Mtwara regions identify three major challenges that hinder farmers and processors in the South to benefit from the subsector. They include:

- First, is limited knowledge of the in-country chain actors of the drivers of the existing value chain (focus on seed colour but oil content). The preconception, of not investing in white sesame seeds, which is rich in oil content, ignores the inherent value available in the existing chains that could translate into additional on-farm income.
- The second issue concerns the domestic policies that promote rent seeking within the value chain and limit the power of farmers and impact on the sesame development. Sesame as a commodity is blessed with the quality of being high in net value in relation to volume, but the Tanzania policies and the farmer (as opposed to value chain) focus on the agricultural research agenda for seeds production which is driven by productivity factors (e.g. seed yield per unit area and maturity periods, disease and pest resistance) rather than the market (e.g. seed oil content, seed size and clean seed).
- The third issue concerns poor sesame farming practices and poor post-harvest handling coupled with limited government extension staff. These issues have resulted to low productivity levels and poor quality of sesame which can not attract lucrative market prices.

Sesame is grown from improved carefully selected seeds developed from ARI Naliendele Research Centre, based in Mtwara, and propagated through farmer group pilot plots with support of the Ministry of Agriculture. The main type of seed is traditional mixed seeds and improved varieties locally known as Ziada 94, Naliendele 92 [Nal. 92] and Zawadi 92. In the south, there is one season, with planting beginning in February and harvesting occurring in May. The crop is drought tolerant and thrives in sandy soils.

Mtwara region has about 1,672,000 hectares of land out of which 85% is potentially arable. However the actual utilized area for farming is estimated to be 33% suggesting that there is underutilization of the potentially arable land. Lindi Region covers an area of 67,000 square kilometres. This is about 7.5% of Tanzania Mainland area. 50,000 km<sup>2</sup> is ideal for agricultural activities in the region, which is about 75% of the total regional area.

### The oil seeds market dynamics:

Although Lindi and Mtwara have strong potential, numerous obstacles exist that prevent the growth of exports of both cashew and sesame.

The accessible market for sesame consists of the same international brokers that have corrupted the trading system for the cashew nut industry. The brokers do not hold true to contracts. Nor are they interested in direct contracts with the farmer as they strive towards buying at the lowest price possible.

Established to mitigate fair pricing, the warehouse receipting system has failed the sector. The system, although praised by the public sector, has sent one of the cooperative unions into huge debt. In their first year, 2008, Ilulu Cooperative Union purchased 8,000 tons through a loan facility from CRDB Bank. The Lindi regional co-operative union bought the sesame from the farmers at a price of Tsh. 1200/= per kilo and floated a tender for buyers to bid. The Union expected to sell sesame at a unit price of Tsh. 1700/= per kg. But the exporters declined to buy the sesame. Due to its large debt, the union paid the farmers only 700tsh/kilo for the 2009 season and reduced large quantity purchasing, leaving the farmers without a reliable market.



Ilulu, not able to function properly due to lack of skills in account management, business planning, contractual agreements and lack of knowledge and access to competitive international brokers, has inflicted a negative image and distrust amongst the farmers of sesame.

Another challenge to overcome is the lack of "one voice" and professionalism of the sesame sub-sector. Due to a lack of coordination, the government rules and regulations are established without proper consultation with all industry actors. The larger buyers, Mohamed Enterprises Ltd, Fida Husein & Company Ltd, Olam Tanzania Ltd and Abbasi Exports Ltd., have the power to influence public policy.

Good networks are established for the dissemination of agronomic skills for both agricultural extensions services and farmers, however the tools and services do not exist. Coordination of networks is needed to assist in access and quality of input supply, including improved seed varieties.

**CLIENTS**

**Impact and needs assessment of key players**

Analysis of the data collected during 2009, concluded that large impact on production, income and employment can be achieved by selecting clients that have significant outreach to farmers. To create new opportunities for sesame in the international market, SNV and FLO have identified four clients that drive the sector in Lindi in Mtwara, which include a mix of actors from cooperative unions, farmer owned companies, and one private sector trader. SNV and FLO will work with Ilulu Cooperative Union (ICU), Masasi Mtwara Cooperative Union (MAMCU), Masasi High Quality Farm Products (MHQFP) and Subagro respectively.

The potential for impact and needs assessment of each is highlighted in the table below:

**Table 2:** Clients Needs Assessment and Production Levels, 2009

Producer Group	Size	Production Capacity /year	Identified Needs
ICU	88 AMCOs (20,000 farmers)	25,000 tons	1) Lack of extension support to farmers 2) Lack skills in business management 3) Lack financial liquidity 4) Lack international market skills 5) Lack of negotiation skills 6) Poor record keeping 7) Weak leadership 8) Lack of organized markets
MAMCU	80 AMCOs (15,000 farmers)	20,000 tons	1) Lack of extension support to farmers 2) Lack skills in business management 3) Lack of international market skills 4) Lack financial liquidity

**METHOD / SNV INTERVENTION**

			5) Lack of organized markets
MHQFP	6 farmer associations (800 farmers)	Input supplier (seeds) 40 tons	1) Lack of knowledge on seed propagation 2) Poor infrastructure
SUBAGRO	5000 farmers 100 workers	3 M tons of seeds	1) Linking with supply sources for sesame seeds 2) Quality standards, processing and packaging technologies 3) Proper equipment for quality end product

To address the issue of unorganized sector actors and lack of common understanding among the actors in Lindi and Mtwara, the partnership commissioned a local capacity builder based in Mtwara to conduct two studies, 1) Validation of Information and Needs Assessment of Producer Groups and, 2) Identification and Assessment of Agricultural Marketing Cooperative Unions (AMCOs). The exercise engaged actors from both the private and public sector and validated issues that were shared across districts. As a result, the findings were shared with the stakeholders during a multi-stakeholder meeting held in 2009, October 15-16, and action plans were drafted to address the issues.



**Need for national level connection**

In order for the producers and small businesses to influence public policy on sesame, it is necessary for the actors to lobby and advocate effectively. This is a national issue among all edible oil seed actors in Tanzania. Through national multi-stakeholder meetings facilitated by SNV, the stakeholders identified the need to establish a national association. SNV is supporting the formulation of the Tanzania Edible Oil Seed Association, registered and functioning as of January 2010. The steering committee consists of actors from each region, and the Southern representative is an active participant in the sesame sector in Lindi and Mtwara.

To advance the production of sesame, farmers and agricultural extension officers need common skills and tools to improve agronomic practices. SNV, in collaboration with IFAD (SCAPEMA program), contracted a local capacity builder to create a handbook on sesame production in the native language, Swahili. The handbook entitled, Good Farming Practices for Sunflower and Sesame, was developed with input from various sesame actors including farmers, research institutes, processors, government agricultural officers across the nation.

SNV and FLO hosted a multi-stakeholder meeting in Mtwara, October 15-16, to report on the various findings, disseminate information and to create a platform for the various sesame actors to validate issues and draft joint action plans for 2010. Representatives from 9 districts attended with a total of 35 participants



***"This is the first meeting that has brought the various sesame actors together in Lindi and Mtwara. It is important for us to talk to one another, address the issues together, and come up with plans to assist in improving the situation as a sector."***

*- Dr. Omari Mponda, ARI Naliendele, Mtwara; in reference to the meeting hosted by SNV FLO October 15&16, 2009*

from the public and private sector

## OUTCOME

The public and private sector sesame actors in Lindi and Mtwara have displayed their interest in working with SNV and FLO. The continued presence and commitment shown by SNV and FLO has allowed stronger and more trusting relationships to develop. The various actors are interested in addressing the issues and working together to find real solutions.

With existing production of sesame currently being 14% of total potential, with strong support from the government, the market end requires opening. A Fair Trade minimum price coupled with the social premiums is long overdue. Current profits are estimated at 300% and with the minimum price the profits can reach an estimated 500%. We learned that some of the areas in Mtwara are currently receiving relief food from the government and believe that the SNV and FLO intervention in the sub-sector can reverse this trend and make the area food secure.

This has opened up opportunities for FLO and SNV to move full force into 2010 with the sesame sector in the south.

Four major clients have been identified for capacity building that will lead to an increase in production, income and employment. It is anticipated that working with these four clients, 144, 600 people will benefit from the intervention either from increased income or employment within the sesame sector. Cumulative production levels of the four clients are expected to increase from 24,000 tons in 2009 to 57,200 tons in 2010.

## LESSONS LEARNED

- Producers are committed and willing to improve their performance
- Huge potentiality of making impact in the south.
- There is a lot to do to improve business skills management because producers' education level is very low

## NEXT STEPS

### **Next steps for SNV**

Based on the creation of the Swahili Good Farming Practice Handbook, a full-scale dissemination and training strategy will be developed for Lindi and Mtwara in collaboration with the multiple stakeholders from the public and private sectors. Results of the application of the GFP will be documented and shared in the annual multi-stakeholder meeting.

Strong representation by the sesame actors in TEOSA will be supported and encouraged. Clients and actors will be encouraged to join as member and to participate in association activities to establish credibility among the sesame sector in the south. Capacity building on proper lobby and advocacy skills is planned.



The initiative will explore the concept of Africa Sesame Alliance with other SNV FLO partner countries i.e. Ethiopia. This will help put sesame on the map in East Southern Africa with the fair trade buyers. It has been determined that sesame actors in



Lindi and Mtwara can learn functioning business models from ESA neighbours through an exchange learning visit to producer groups and introduction to the commodity trading system. In addition, this will lead towards designating sesame as a Fair Trade Crop in Tanzania.

An annual multi-stakeholder meeting will be held in the South to review progress during 2010, address remaining and new challenges, and formulate action plans for the coming year.

In conclusion, although the challenges are many for sesame sector in Lindi and Mtwara, 2009 results proved that sesame actors are committed and driven to improve the current situation. The potential for impact on employment, income and production is apparent with specific interventions. The excitement and commitment displayed by the various sesame actors in Lindi and Mtwara, promises that the SNV and FLO partnership can contribute to a better livelihood for Tanzanians.