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INDIRA GANDHI NATIONAL OPEN UNIVERSITY (IGNOU)

PROJECT REPORT (MS-100)

**ASSESSING THE CORE CHALLENGES ON THE PROCESS OF EXPORTING QUALITY
SESAME SEEDS IN ETHIOPIA**

In partial fulfillment of the requirement of the degree of **MASTER OF BUSINESS
ADMINISTRATION (MBA)**

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CERTIFICATE OF ORIGINALITY

This is to certify that the project titled "Assessing The Core Challenges On The Process Of Exporting Quality Sesame Seeds In Ethiopia" is an original work of the students and is being submitted in partial fulfillment for the award of the Master's Degree in Business Administration of Indira Gandhi National Open University. This report has not submitted earlier either to this university or to any other University/Institution for the fulfillment of the requirement of a course of study.

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Chapter 1 : INTRODUCTION TO THE PROJECT AND REVIEW OF LITERATURE

1.1 INTRODUCTION TO THE PROJECT

Ethiopia's economy is highly dependent on agriculture, similar to that of SSA countries, where 80% of its population employed in this sector. That is why agriculture is widely regarded as the backbone of Ethiopian economy. It plays a key role both in the development of the nation as well as in the wellbeing of its people. Its contribution to the national economy can be seen from different aspects. For instance, its contribution as a source of food and raw materials, its contribution to GDP, export earnings and so on. Agriculture accounted for 34.9% of GDP, 73.4% of exports, and 80% of the labor force in 2017/2018, and agriculture remains the Ethiopian economy's most important sector. Ethiopia has great agricultural potential because of its vast areas of fertile land, diverse climate, generally adequate rainfall, and large labor pool. Despite this potential, however, Ethiopian agriculture has remained underdeveloped. Because of drought, which has repeatedly affected the country since the early 1970s, a poor economic base (low productivity, weak infrastructure, and low level of technology), and over population, the agricultural sector has performed poorly (National Bank of Ethiopia 2017/18 Annual report).

Ethiopia's oilseed sector, which is rapidly growing to meet both local and foreign demand, plays a vitally important economic role in generating foreign exchange earnings and income for the country. In fact, approximately one-fifth of Ethiopia's total export earnings are generated from oilseed exports, with sesame being the second largest export-revenue generator after coffee.

Sesame is one of the high-value, export crops that is of paramount importance to the wellbeing of Ethiopia's national economy. It is the single most widely produced oilseed crop in the country, representing more than one-third of Ethiopia's total oilseed production. Ethiopia is fourth largest producer of sesame seed in the world behind India, China and Sudan. Sesame is produced mainly in the northern and northwestern lowlands of Ethiopia adjacent to the borders with Sudan and Eritrea. Some of the major producing areas are found in and around the locations of Humera, Metema, Benshungul Gumuz, Wollo and Wollega. The two most widely known sesame varieties – Humera and Wollega – derive their names from the areas where they are planted. Planting is done in late June and early July and harvesting is done from early October to mid-November. About two-thirds of production comes from smallholder farmers on holdings less than five

hectares with the remainder coming from medium to large-scale commercial farms. Ethiopian sesame, specifically the Humera/Gonder variety, is well known for its uniformity, white color, large size, aroma and sweet taste. These characteristics make it suitable for use in local and international baked products, such as hamburger and sandwich buns. The major competitive advantage of the Wollega type is its high oil content (GAIN Report Number: ET1611).

The oilseed sector in Ethiopia is one of the fastest growing sectors in the country, both in terms of its foreign exchange earnings and as source of income for millions of Ethiopians. Sesame is among the most important oilseed crops in the country, mainly as a commercial export commodity. Between 2005 and 2012, its production increased from 149 to 181 thousand tones (CSA, 2013).

The sesame value chain in Ethiopia is poorly organized, although it is currently under reform since the introduction of the new market auction system (ECX). The main actors are producers/suppliers, collectors, wholesalers, brokers, farmers associations, the auction market (ECX) and exporters. Other important actors are transporters, agricultural input suppliers, consumers and retailers (Shkur, 2011).

Constraints to the sesame value chain include: lack of improved cultivars; poor seed supply systems; poor agricultural production techniques and post-harvest crop management (Gelalcha, 2009); weak farmers organization to engage in the value chain; poor market information systems; limited financial material and skills for oilseed processing; limited use of traditional agricultural inputs and little research support to increase yields, and; erratic rainfalls (SID-Consult-Support Integrated Development, 2010).

Despite such constraints, actors in the sesame seed value chain operate at local, regional, national and international markets. So the process of doing the export business for the sesame seed is very traditional and they have many drawbacks on the processes. The factors which affect the export business have to be identified thoroughly and make proper improvements on the process to maximize the benefits from the export. The process lie on the farming practice, farming technology, use of appropriate fertilizers, collection of seeds, means of transportation, trade exchange system, regulation and standards, export trade policies, quality and weight controls, controlling mechanisms of the cleaning and packaging of the product and systems of dealing the market.

To identify the problems of the overall process of exporting sesame seeds needs to go through on each and every process under the value chain. It is from the farming to the supply of the product to buyer or end-user. After then we can propose the solution to improve the business of the exporting sesame seeds in Ethiopia.

1.2 REVIEW OF LITERATURE

1.2.1 International Trade Theories

Many scholars and researches dealt with the emergence and importance of international trade in different ways. All of them agreed on international trade are the exchange of goods and/ or services along different geographical territories. According to Bowen (2013), the uneven distributions of natural resources among nations are the governing factor to make international trade transactions. According to Seyoum (2009), International trade with a free exchange of goods started as early as 2500BC and the occurrence of World War I had an impact for the future development of trade and the rise of world economy he also defined International trade as the exchange of goods and services across national boundaries. Hill (2009), also defined International trade as all commercial transactions between two countries.

Kelly (2009), also discussed international trade as it is not only ether the flow of goods and services between countries and investors buy and sell across country boundaries. International business gives an opportunity to invest in other countries i.e FDI (foreign direct investment) at which organizations undertake FDI for a variety of reasons such as setting up offices, manufacturing, operations and distribution facilities ions for the growth of international business.

Reuvid (2008), Explained that, there are two basic types of trade between countries. The first one is if the country cannot produce the good or service by itself or not enough. The second is even though the countries have a capacity of producing the goods and/or services they will import for different purpose having different reasons for importation. Such as if the price of the imported goods are cheaper than those produced domestically, the imported goods may have better quality, design, technical features etc...

According to Seyoum (2009), international trade allows manufacturers and distributors to seek out products, services, and components produced in foreign countries. In most countries, such trade (international trade) represents a significant share of gross domestic product (GDP).Without

international trade; nations would be limited to the goods and service produced within their own borders. In addition to this Belay (2009), explained about the benefits of international trade in acquiring a variety of goods and services, the help to reduce cost of production, increase income and employment, access to learn about advanced technical methods which are used abroad etc.

According to Daniels (2015), every global events and competitions affect all companies regardless of their industry size. They explained that companies will engage in international business having objectives of expanding sales, acquiring resources and reducing risks. Companies can use different modes of international business operations. Merchandise export and imports, service exports and imports (non- merchandise international earnings such as service exports and service imports at which the provider and receiver of payments considered as a service exporter and the recipient payer is recognized as service importer. This sector includes the activities of Tourism and Transportation, Service Performance: like banking insurance rental services, management services etc... , Asset use such as: trademarks, patents copyright franchising, licensing agreements etc...), Investments in the form of Foreign Direct Investment (FDI) at which the investor takes a controlling interest in foreign company or Portfolio Investment which practice a financial no controlling interest in another entity.

Collinson (2012), argued that “when pursuing international business, private and government enterprises have to decide how to carry out their business such as the mode of operations to be used”. also explained major objectives that may influence companies engaged in international business are: the need for expanding sales, the need to acquire resources, the diversified sources of sales and supplies and the need to minimize competitive advantages are some of the factors that will influence making transactions internationally.

Trading globally gives consumers and countries the opportunity to be exposed to new markets and products. Business is now more global because of transportation availability, communication advancement and the costs of transportation and communication are more conducive for international operations Bhalla (2013).

Kelly (2009), has discussed why international business grown much over the past 10-20 years. According to his explanation, there are many interpretations for the growth of international business. The erosion of barriers and borders due to the social political and economic quest of free magnifies the need for international trade. As a result, this has been further enabled trough

the wide scale adoption of open information and communication technologies (ICT) which enable trade, communication and collaboration eroding barriers in time, space and language and integration financial political and legal system. He defined liberalization as it has not only resulted in increased mobility of people as workers and migrants but also in the movement of capital goods and services. Consumers want choice quality and low cost products sourced from around the world. E-commerce and the MNC now bring the world to the doorsteps of business and consumers everywhere. The rapid growth of e-commerce anyone can be open for business on an international level 24 hours a day regardless of the physical location of the business. Simply one location can serve the business needs over the entire globe.

Trading internationally is not as simple as trading domestically; countries will face major trade barriers that will determine their business performance Bhalla (2013), explained international business as: firms will operate in the environments which are highly uncertain, subject to rapid change; the rules of the game are ambiguous and contradictory as compared with domestic at trading. According to Bhalla (2013), there are parameters and environmental variables that are very important in international business such as the legal system, the foreign exchange market, cultural difference rate of inflation, language at which it is irrelevant to the domestic business. Without international trade, nations would be limited to the goods and service produced within their own borders. Importing and exporting of goods and services are used as a mode of transaction.

According to Gopal (2008), the foreign trade (international trade) consists of a country's inward and out ward movement of goods and services (import and export) with a result of outflow and inflow of foreign exchange. As international Trade in goods and services is one of the means by which countries linked economically, high government officials in all countries deal with the question of what, how much and with whom their country should import and export Shenkar (2015).

1.2.2 Export Trade

A country involving in international business will engage in the modes of importing and exporting activities that is different from transacting domestically. Countries/Companies sell output and secure supplies and resources abroad they compute against products and/or services of foreign countries companies' Damiels (2015).

According to Hill (2009), Exporting and importing activities are among the widely used modes of international business activities of any countries. The inflow of goods in a country is an import trade whereas the outflow of goods from a country is export trade. In this globalised world, a country cannot survive in isolation. Import and export activities have played a vital role. Export provides a way to assist nations improve their balance of payment, trade due to the rapid globalization of markets, the pace of technological change and the decline of government imposed barriers, it is becoming increasingly difficult for domestic companies to isolate themselves from export markets and foreign competition deficit, employment rate and overall standard of living.

Bhalla (2013), stated that countries engaged in international trade especially on exports for different reasons. When a country is engaged in export business, the export transaction can affect currency values, fiscal and monetary policies of the government, shape public perception of competitiveness, and determine the level of imports a country can afford. In addition to this, exports enhance the availability and choice of goods and services, improve the standard of livings and quality of life offers the opportunity for economies of scale, increase efficiency, create employment opportunity give opportunity to learn from the competition, learn how to respond for sensitive demand structure and cultural dimensions, and proves the ability to survive in a less familiar environment. (P. 663)

As cited by Wondaferahu (2013). Export is considered as one of the very important means of growth. The economics studies supports the debate that development requires economic growth to eliminate/reduce poverty, and greater access to world markets is perceived as a necessary condition for more rapid growth. Many developing countries gradually increased their share in international trade from just less than one quarter to about one third.

Involving in importing business is important for businesses and individual consumers. However, if a country is involved in exports transactions, the domestic economic activity is growing. More exports means, more production, jobs and revenue. If a country is a net exporter, its gross domestic product increases, which is the total value of the finished goods and services it produces in a given period of time. In other words, net exports increase the wealth of a country.

Shenkar(2015).

As explained earlier, trading internationally is not as simple as trading domestically. In order to be successful in export trade, firms should know the determinant factors of competitiveness as outlined by the wishes and needs of foreign buyers Bhalla (2013 : 674), "Buyers expect an excellent product fit, high levels of corporate responsiveness a substantial service orientation and high corporate commitment" in addition to pricing matters. Thus, in order to full fill these foreign buyer requirements, firms (exporters) will face export related problems. The first one is logistic arranging transportation, determining transport rate, handling documentation, obtaining financial information coordination distribution, packaging and obtaining insurance. The second one is legal procedures: which include product liability, licensing and customs duty issues. The third point is the servicing of exports where firms are expected to provide part availability, repair service and technical advices. According to Bhalla (2013), Sales promotion and foreign market intelligence at which firms need to be cope with advertising, sales effort and obtaining market information and information on the location of market, trade restrictions and competition overseas respectively are obstacles that prevent firms from exporting or limit the performance of the firms export competitiveness(P. 676).

1.2.3 Types and Characteristics of Ethiopian Sesame Seeds

Sesame seeds (*Sesamum indicum*) are grown primarily for their oil content. They contain up to 25% protein (Bedigian et al. 1985: Cited in Ashri 1998) and are rich in amino acids, especially methionine, cysteine, arginine and leucine. They contain little vitamin A but are rich in vitamin E (Ayana 2015a).

There are different types and qualities of sesame seeds. White sesame seeds are a white-to-golden color and receive a higher market price than mixed seeds, which range from yellow to dark brown. White sesame seeds are used primarily in natural or hulled form because of their aesthetic value, whereas mixed sesame seeds are generally crushed into oil. Black sesame seeds, which are an excellent source of magnesium and calcium, serve very well for non-dairy milk powders and other premium applications. The black sesame seed is smaller than the white seed (CBI Ministry of Foreign Affairs 2017).

According to ECEA (2009), a large number of sesame seed varieties exist in Ethiopia. However, in the international trade, three varieties are well known as trade names: Humera, Gondar and Wollega. The three main export varieties have their own characteristics such as color, oil content, and taste.

The Humara variety is appreciated worldwide for its aroma and sweet taste. Its seeds are white, quite large and fairly uniform in size. This quality makes them very suitable for bakery products as well as for tahini production. The Gondar type is also suitable for the bakery market. For this market a high level of seed purity is demanded, which has sometimes proven to be problematic for Ethiopia. The major competitive advantage of the red Wollega type is its high oil content (48–56%), which is why this type is mainly used for sesame oil.

The purchase price of sesame for export is largely determined by the evenness of color, taste, moisture and purity. These purchasing criteria are important for traders. Hulled seeds and bleached hulled seeds have a higher market value than untreated seeds.

Sesame is used in wide range of applications (Wijnands *et al.*, 2007). The most important ones are:

1. Edible oil: The oil is odourless with distinctive nutty sweet flavour. Roasted sesame seed resists rancidity due to the antioxidants formed during seed roasting. Sesame oil is especially important in the Far Eastern cuisine, mainly Japan and china.
2. Confectionery, biscuit and bakery industry: Hulled clear white sesame is required for bakery products.
3. Tahini industry: Tahini, a traditional Middle Eastern paste, is made from hulled sesame seed and is rich in protein.
4. Halva industry: Halva is a sweet made of 50% Tahini, boiled sugar and some other ingredients.
5. Sesame flour and sesame seed sprouts.
6. Pharmaceutical ingredients.

In the Middle East, sesame seeds are used as a topping on breads and baked goods as well as in ethnic dishes such as tahini paste, halva and oil (Wijnands, Biersteker, and Van Loo 2009).

In Europe, sesame seeds are primarily used as a topping on bakery products (e.g. bread, bagels, hamburger buns and confectionery). Restaurants and natural food consumers purchase sesame seeds for use in ethnic dishes. Sesame seeds can also be used in snacks and crackers, often in the form of “sesame sticks” (CBI Ministry of Foreign Affairs 2016a). People also purchase sesame seeds for use in food products from various cuisines such as tahini and hummus, sushi and Eastern desserts (CBI Ministry of Foreign Affairs 2017).

The overall European usage of both sesame seed and derived products is increasing. Target markets are Germany for bakery and certified chains; Greece for high-quality seed used in tahini and halva; the UK for bakery, snacks and ethnic food; France for cosmetics; the Netherlands for food ingredients, snacks and onward distribution; Poland for snacks and tahini; and all countries for oil, with Scandinavia as a market especially for certified chains (CBI Ministry of Foreign Affairs 2018).

1.2.4 Sesame Value Chain In Ethiopia

Smallholder farmers in the Ethiopian sesame value chain are generally in a weak bargaining position. They only have very small volumes to sale; they lack market information and are fully dependent on middlemen (traders). Mostly they sell their output immediately after harvesting, which is when the supply is abundant and consequently the prices are relatively low (Abera, 2009). According to him Ethiopian sesame seed value chain are generally high due to the large number of producers, brokers and buyers. Producers (farmers) sell to a local collector, this collector in general sells to another larger broker and this process is repeated a few times mostly without adding value. Problems in finding information on quantities supplied and prices and poor negotiating capacity of producers on contractual agreements (price, purity, quantity, delivery time and terms of payment).

ECEA (2010) examined value chain for sesame is generally short in Humera district. According to these institutions relatively longer chain involves producers/farmers/ selling to exporters through brokers. Alternatively, farmers may sell to cooperatives, which in turn sell to unions and then to exporters. The other alternative is farmers selling directly to exporters through their branches in Humera. The fact that the value chain of sesame is short shows the fact that the export chain is efficient. Logically the transaction costs are more likely to be low compared with the transaction costs of commodities with longer value chains. This implies that enhancing efficiency is not a plausible intervention on the sesame value chain. However, short chains and hence efficiency does not necessarily mean there is fair relationship between the marketing agents of the commodity. There could be relationship among farmers and exporters that is not equal, as the case is in the value chain of sesame.

Investment in reorganizing the value chain in an efficient way is inevitable to enhance competitiveness and gain higher prices for the sesame seeds. Almost all buyers of the high-income

countries demand tracking and tracing systems. Some stakeholders are developing a certified chain in organic sesame seed. These demands a system to guarantee the organic production method and to promote that Ethiopian sesame seeds are exclusively organic (Abera, 2009).

Kindie (2007) identified the chain connecting both producers and exporters found long and complex Metema distinct. According to his study sesame market is operated freely. Government institutions except check point fees did not exercise any authority and control. It has been free of any interventions. This helped the involvement of too much actors during harvest and discouraged licensed traders. The basic and important sesame marketing channels identified during the study are diverse and a little bit different from the chains of other commodities. The initial links for sesame marketing channels are producers and the final destinations in country are exporters. In between lots of intermediaries existed which play significant roles for the movement of the product to its final destination.

1.2.5 The Major Actors In Sesame Value Chain

There are various actors in sesame value chain. These include producers, small traders (collecting middle men), Wholesalers/brokers, oil millers, retailers, local consumers and exporters (ECEA 2009, Winands and Biersteker, 2007, Kindie, 2007, Bezabih, 2010).

Producers

Producers include the small holders and commercial farmers who sell their products to small village trader or collectors. In some cases producers sell directly to oil millers and brokers/wholesalers without the use of collectors. They also sell their products in small quantity to oil millers, retailers, local consumers and exporters. Commercial farms do have better bargaining power than small producers and hence, they directly or through brokers sell to exporters.

Village traders or collectors

These are small trading individuals who collect the product in small quantity directly from producers and resell to brokers/wholesalers, oil millers and exporters in a more marketable quantity. They act as middle men who do not add value but merely snatch the benefit which could have accrued to the producers. Farmer's co-operatives and unions are also involved in the collection of sesame.

Wholesalers/brokers

Brokers/Wholesalers are the third layer of actors in the supply chain of sesame trading. They are larger suppliers who have better capacities in terms of finance and other facilities. They resell the seeds to retailers, oil millers and exporters.

Oil milers

There are private and public owned oil milers especially in the major towns which produce edible oil exclusively for local market. Improvement in the production quality could enable the larger oil refining plants to produce for export market.

Retailers

Retailers are those firms that purchase both sesame seed and sesame oil from wholesalers and oil milers for resale to local consumers.

Local consumers

Local consumers are the end users of both sesame seed and edible sesame oil. The following Figure indicates the various stages in sesame seeds value chain. This long supply chain will naturally reduce the benefit to be obtained by the producer; this in turn kills the incentive to produce more.

Processors/Exporters

These are public and private firms, which buy the seed from collectors and wholesalers to sell in the export market after processing and packing.

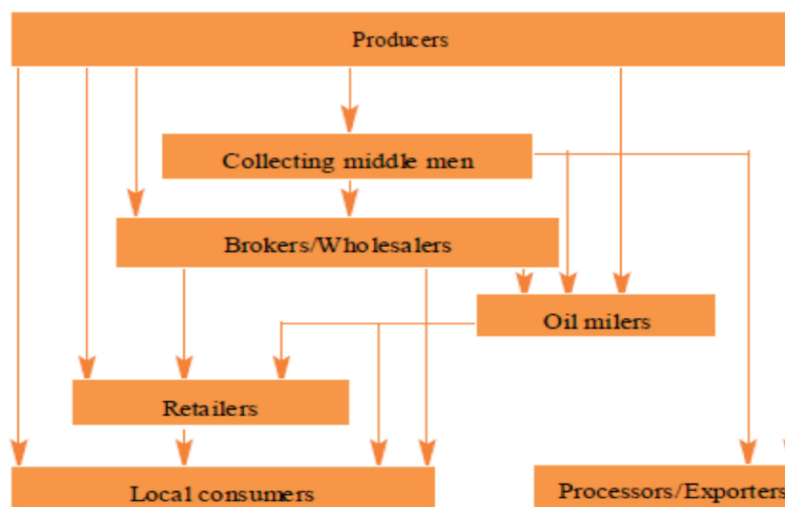


Figure: 1 Sesame Value Chain Map in Ethiopia
Source: Adopted from ECEA 2009, and Winands and Biersteker, 2007

Table 1.1 : Summary of roles of oilseeds value chain actors

Actor	Functions/Activities
Producers	<ul style="list-style-type: none"> ▪ Manage farm level production process ▪ Determines quality of oilseeds during seed selection and production process especially threshing ▪ Pack and store oil seeds (sesame is often not stored) ▪ Deliver it either to local collector or local wholesalers ▪ Commercial farmers deliver it to central market in Addis Ababa or export
Collector/Local traders	<ul style="list-style-type: none"> ▪ Collect, measure and pack the oil seeds ▪ Pay cash on delivery ▪ Store grain ▪ Deliver to local wholesalers ▪ Sell oilseeds to local consumers
Local/Regional wholesalers	<ul style="list-style-type: none"> ▪ Provide loan to be paid when oilseeds are harvested: The products are sold to the wholesaler at the harvest time price and the rest of the product will be sold to the wholesaler at the prevailing price when the farmer wants to sell. ▪ Pay cash on delivery to the collectors or farmers who sell oilseeds to them ▪ Deliver the product to central markets in Addis Ababa or sell it to processors in the regional market
Commission agents	<ul style="list-style-type: none"> ▪ Receive oilseeds transferred to it by the local/regional wholesaler. Such a transfer is arranged by telephone whereby the driver name, the plate number of the truck, type of product and quantity is informed to the commission agent; ▪ Facilitate the selling of the oilseeds; ▪ Negotiates the price and effects the selling ▪ Deduct unloading cost and own services from sales value; ▪ Transfer the balance to the local/regional wholesaler
Wholesalers in Addis Ababa	<ul style="list-style-type: none"> ▪ Negotiate with the commission agents. ▪ Pay cash to the commission agents on delivery of the product ▪ Export or sell to processors or retailers
Exporter	<ul style="list-style-type: none"> ▪ Maintain the quality of the product and pack it ▪ Deal with export clearance ▪ Pay necessary fees for export ▪ Export the product and remit the income
Processors	<ul style="list-style-type: none"> ▪ Buy the oilseeds ▪ Process the seeds (extract oil/roast, etc) ▪ Sell the processed product to retailers/super markets, consumers
Consumers	<ul style="list-style-type: none"> ▪ These are the ultimate users of the product

Source: Bezabih, 2010

1.2.6 Sesame Production In Ethiopia

The world of sesame seed market is a billion dollar industry that supports the livelihoods of millions of farmers throughout the world (USAID, 2010). World production of sesame seeds is estimated at 3 million tones, and is steadily growing. Currently, Ethiopia is among the top five

producers of sesame seed in the world, ranked at fourth place by covering about 8.18 percent of the total world production (FAOSTAT, 2012).

In the North West and South Western lowland areas of the country, sesame is currently cultivated on fertile lands and there seems to be less need for fertilizers. During the year 2007/08, there were about 527,819 sesame growers with an average acreage of 0.3 ha are involved in sesame seed production who produced 18,677.3 tons most of which are small holder farmers. Besides small holders, there are a limited number of investors or large commercial farmers (having more than 100 ha). The share of the latter is less than 2% (Winands and Biersteker 2007). Due to the low input levels, sesame production in Ethiopia meets organic standards. This is the case for most small holders and large commercial farms.

Next to coffee, sesame seed is the second largest agricultural export earner for Ethiopia, involving a number of small-holder farmers in its production throughout the nation (CSA, 2011). In 2010/2011 production year, about 763, 893 smallholder farmers participate in sesame production; while in year 2011/2012 the number of participants has increased to about 893, 883 private peasants (CSA, 2011). This indicates as sesame sector has potential to involve more smallholders under its production, hence one way of linking them to domestic and international markets.

Besides, in Ethiopia produces large variety of sesame seed can be produced, among which the Humera, Gondor and Wollega type are well known in the world markets. On one hand, the Humera and Metema sesame seeds are suitable for bakery and confectionary purposes due to their white color, sweet taste and aroma. On the other hand, the high oil content of the Wollega sesame gives it a major competitive advantage for edible oil production (USAID, 2010).

According to different reports, sesame seed is an important export crop in Ethiopia and the country has a substantial role in the global sesame trade. It is the third world exporter of the commodity after India and Sudan (Alemu and W. Meijerink, 2010). In this regard, in the last few years, sesame production and marketing has confirmed highly significant growth. In 1997, the total area under sesame production was about 64,000 ha (Aysheshm, 2007).

In 2010/2011 cropping season, the total area under sesame production reaches 384,682 hectare and about 327,740.92 ton of sesame seed has produced in the country (CSA, 2011). Despite, these

trends in 2011/2012 production year sesame production and area under its cultivation has declined by about 25.31% and 12.26% respectively, compared to the preceding year.

Table 1.2: Oilseeds production for the year 2008 and 2013 in Ethiopia.

Oil crops	Total area in 1000ha		Total production in 1000ton		Productivity (t/ha)	
	2008	2013	2008	2013	2008	2013
Noug	285.236	285.303	159.820	220.211	0.56	0.772
Sesame	185 .912	299.724	186.773	220.216	1.01	0.735
Linseed	152.129	95.582	169.856	87.946	1.12	0.920
Groundnut	40.198	79.947	44.685	112.089	1.11	1.402

Source: CSA, (2008 and 2013)

Accordingly, only 337,505.41 hectare of land has cultivated under its production and only about 2,447,833.59 quintal of output was produced, (CSA, 2012). This indicates that not only the size of land allocated to sesame and its production volume was decreased, but also the crop yield too decreased from 8.52 quintal/hectare in 2010/2011 to 7.25 quintal/hectare in 2011/2012, by about 14.9% (CSA, 2012).

1.2.7 Product Quality Of Sesame Seed

The Ethiopian Quality and Standards Authority performed sesame quality grading until the recent inclusion of sesame in the Ethiopia Commodity Exchange (ECX) system. Export sesame seed types have to fulfill the standards set by the authority as well as the minimum agreed international standards. Ethiopian sesame is mostly identified and graded as Humera, Gondar, and Wollega and to some extent mixed types and its oil content is 43-56%. The minimum international standard of oil content is 52%, 48%, and 45% for first, second and third grades respectively. On the other hand, the minimum acceptable moisture content is 6-8% for all grades (Winands and Biersteker 2007).

Before reaching at export processing and storage level, sesame production in Ethiopia has to pass through a series of long chains. MoARD (2006/07) disclosed that sesame exporters are facing problems of impurities such as dirt, branches, stones etc. The percentage of these foreign bodies

is estimated to be 7 - 9% where as the internationally agreed standard is 2% for first grade, 4% for second, and 6% for third grade sesame. Cleaning this low quality sesame to make it exportable would obviously require high costs of labor and machinery that in turn reduces competitiveness in the global market.

One of the most challenging tasks in sesame marketing in Ethiopia is therefore, reducing the market chain of the product. In line with the goals and objectives of the Ethiopia Commodity Exchange (ECX), relentless efforts have to be made to reduce market chain and discover sesame prices based on the level of quality. To this end, the role of cooperatives in this sub sector has to be enhanced with a view to benefit smallholder producers through offering better farm gate prices.

1.2.8 Sesame Marketing In Ethiopia

Sesame marketing is highly linked with the international market and highly volatile following changes in the supply and demand at international markets. The major actors in the Ethiopian sesame market are exporters, wholesalers, brokers/agents, local traders (Assemblers), primary cooperatives and their unions, commercial farms and small-scale farmers (Alemu, 2009). Understanding of the scattered and small-scale nature of the Ethiopian production system, the role of aggregation in improving the agricultural marketing system is given due emphasis in the national agricultural marketing strategy and this is sought to be achieved through cooperatives and their respective unions (ibid).

Alemu (2009) indicates that following the above strategies, the Council of Ministers Regulation No.178/2010 (the "Regulation") passed on 22 May 2010, mandates that sesame seed trading in Ethiopia shall be conducted only at primary transaction centers and the Ethiopian Commodity Exchange (ECX). According to Alemu, article 18 (2) of the Regulation reserves the right for any producer to export sesame seed directly, individually or through a cooperative in which he/she is a member (Alemu, 2009). However, as a result of the enforcement of the mandatory trading provisions of the Regulation, nearly all of the country's sesame will be traded through Ethiopian Commodity Exchange (USAID-Ethiopia Agribusiness and Trade Expansion Programmed, 2010).

Sesame in Ethiopia is grown mainly for the export market (Aysheshm, 2007; Alemu and W.Meijerink, 2010). According to Aysheshm (2007), only about 5% is believed to be consumed locally.

Ethiopia is a major sesame seed exporter in the world market. For example, in 2005/06 Ethiopia exported 237, 565 tons of sesame seed, accounting for roughly 94% of the total export earnings from oilseeds and 19% of total national export earnings (EXC, 2010). In addition, reports suggest that there is a considerable international market demand for Ethiopian sesame seed, and it is expected to continue increasing in the future (Sorsa, 2009).

According to the same author, this increasing international market demand for the crop is not only evident in the rise of export volume but also in new buyers coming to the market (ibid). Currently, China is the largest import market for Ethiopia's sesame followed by Israel, Turkey and Jordan in 2011, respectively (Ethiopia Revenue and Custom Authority, 2012).

1.2.9 Sesame Market Infrastructure

Abera (2009) identified market infrastructure in the case of sesame includes modern storage facilities (warehouses), seed cleaning facilities, and sesame seed crushing and refining plants, road infrastructure, availability of means of transport, and market information networks among others in Ethiopia.

Sesame Warehouse facilities:- MoARD (2006/7), disclosed that in the case of Tigray and Amhara regions, modern storage facilities are established recently in and around Humera, Metema, Gondar, and Shehdi towns. Private exporters, wholesalers, commercial farms, cooperatives and unions, as well as public enterprises own these warehouses. On the other hand, in the sesame producing areas of Oromia and Beshangul Gumuz where 20-25% of total annual sesame production originates, there are no modern warehouses and seed cleaning plants.

Road access and transport facilities:-Ethiopia has a good main road infrastructure, although with 21 to 31 km/ 100,000 ha the road density is quite low considering the African average of 50 km/ 100,000 hectare (Winands and Biersteker (2007). In recent years, however, road network, telecommunication and information technologies have dramatically improved. Large investments are made to improve further the road, rail and ICT infrastructures. The bulk (98%) of international trade is handled by Djibouti. Transport of sesame from the producing regions to the port of export, to Port Sudan and Djibouti, is mainly done by truck. The distance between the producing

regions and Djibouti is about 1000-1500 kms. Transport costs to Djibouti port are indicated as USD 35 per ton/km, but in many areas very high transport costs are incurred (Winands and Biersteker (2007).

Market Information Networks: - The major sesame producing areas of the country are located around North Western and South Western low lands where communication networks are not yet expanded to the required level. This has resulted in low bargaining position of farmers due to lack of adequate market information. Sesame being an export commodity requires the dissemination of market information on regular bases.

Seed cleaning and processing:- Seed cleaning and information on origin are of great importance for sesame seed marketing. Farmers and traders blend different seed types, such as Humera, Gondar, and Wollega, with particular qualities. This decreases the overall value of the seeds: tracking the origin of the product and matching the particular qualities of the seeds with the specific requirements of the end users are hampered. Cleaners remove impurities such as straw, dead seeds, soil and pods, resulting in up to 99% or 99.5% purity. Up-to-date cleaning machines capable of 99.5% purity are available in some companies such as Ambasel, but the total capacity is limited and does not meet export quality standard. Machines with lower cleaning results, below 99.0% purity, are often locally made (Winands and Biersteker, 2007).

Sesame seed Crushing and oil Refining:-Most of the oilseeds crushed locally are without any refining. In rural areas, crude oil is preferred for cooking purposes. Winands and Biersteker (2007) estimated that the production of refined oil in Ethiopia is very limited (about 20,000 tons). The domestic market for oil crops is partly developed and backed- up by an oil extracting industry. According to a recent study carried out by Winands and Biersteker, there are approximately 130 registered oil extraction companies of which the majority is registered micro-companies. The number of big oil extraction companies operating in a large scale is not significant (Winands and Biersteker, 2007).

1.2.10 Major Challenges In Sesame Production And Marketing

Kindie (2007), ECEA (2009), Bezabih (2010), Geremew (2012) identified the following the major challenges in sesame production and marketing in Ethiopia.

Problems related to sesame production

- **Erratic and inadequate rainfall and Incidence of crop pests and diseases:** As motioned earlier, the productivity of the crop is highly dependent on the amount and distribution of rainfall. Problems related to rainfall intensity and incidence of crop pests and diseases are affecting production and productivity.
- **Lack of input supply and extension services:** Though efforts were made to improve sesame seed varieties through agricultural research, inability to provide market demanded improved and appropriate varieties is still an outstanding problem. Sesame productivity is low due to low level of extension service. Harvesting requires a high demand of labor force. In the major producing areas, there is a shortage of daily laborer during peak periods due to different health hazards. Illegal trading of farm oxen has also resulted in shortage of plough animals.

A high cost of fuel and machinery spare parts for commercial farms is said to be an obstacle especially in Humera, Abderafi and Delello areas. Credit facilities are lacking because of the absence of financial institutions in the high potential areas. Absence of modern warehouses in the nearby areas has resulted in mishandling of output. Producers are unable to build their own storage devices due to tenure insecurity. This in turn resulted in the absence of soil and water conservation measures and planting permanent crops.

Shortly summarized as follows:-

Production and productivity challenges

- Low level of improved input utilization;
- High postharvest loss;
- Highly dependent on rainfall;

Infrastructural challenges

- in sufficient or limited Rural feeder roads and transportation;
- Very limited modern warehouses and facilities; Limited modern marketing centers /primary, secondary and terminal markets/ specially for other oilseeds except sesame

Skill and knowledge challenges

- Insufficient post harvest technologies and knowhow;
- Lack of advanced value addition technologies
- Low level of modern packaging and processing skill
- Low level of information networking and processing

Competitiveness challenges

- Price fluctuation /Price volatility
- Construct default (both sides-exporter and buyer)
- Low Negotiation capacity of exporters
- High transaction cost for all oilseeds except Sesame seed

1.2.11 Major Constraints In Sesame Marketing

From the nature of the value chain and the discussions held with the Ethiopian Pulses, Oil seeds, Spices Processors, and Exporters Association (EPOSPEA) it was learned that sesame market in Ethiopia has the following major challenges.

- The low productivity because of erratic rainfall has reduced the supply of sesame and quality of the seed.
- Inadequate market infrastructure such as warehouses and road net works raised transport costs and the competitive edge of the commodity.
- Extended supply (value) chain reduced the profit margin of producers and thereby hindered their incentive to produce more.
- Delay in the provision of credit for working capital has resulted in inability of cooperative unions to purchase sesame when prices are declining. Some of the interviewed members have also mentioned the shortage of capital as a major constraint to involve in the ECX market.
- Uninformed or misinformed decision on stock levels resulted a wrong speculation of price exposed farmers and wholesales to price risks. In a recent field trip assessment held in Amhara region, it was learned that cooperative unions and private traders of sesame purchased the product immediately after the harvest season at a high price based on last year's price, but the price was reduced thereafter. This has resulted in holding back of the produce and their capital was tied up.
- Smallholder producers remained in a low bargaining position due to the absence of market information on the current status of local and international price of sesame. Oil crushing and filtration process needs efficient technology and quality of work at this point of activity seems unhealthy. There is no packing of the edible oil with standard packing materials except collecting with big metal tankers. There is no technology that helps to check standard and quality.

- At processors levels companies complain about high levels of competition with oil coming into the country through imports and food aid. Even the existing installed processing capacity is underutilized due to sustainable quality supply. At traders' levels, the seasonal purchasing capacity appears to be a major constraint due to the absence of credit facilities.

The Ethiopian Pulses, Oil Seed, and Spices Processors Exporters Association describe the present problems as follows:

1. Low awareness level of producers and traders as well as lack of market network has restricted the level of participation of actors in the exchange market.
2. Quality problem, market fluctuation and holding back of produce during the good market season, introduction of VAT, lack of trade ethics (adulteration) restrained sustainable supply.
3. Price dictation by the brokers in sesame and holding back of produce by regional enterprises during peak season could not enable benefit from very good sesame price on international market (about 930 USD/tonne) in the year 2007.

With the increasing importance of sesame seed as a major contributor to foreign exchange earnings, it will be of vital importance to curb the aforementioned problems at all levels.

1.2.12 Opportunities Of Sesame Production And Marketing

As Mbwika (2003) noted, sesame is the most important oil seed export crop in Ethiopia and its contribution to foreign exchange earnings in the country has been increasing over the years.

Ethiopia has the advantage of having good local varieties, favorable growing conditions, vast suitable area for sesame growing and relatively cheap labor that are important manual harvest of sesame are few of the advantages we have at hand. The country's proximity to Middle East markets also gives it an advantage over some other countries such as Far and East countries (China and India). We can also take the advantage of the Israel market, which for political reasons cannot import from Arab countries such as Sudan.

Given that sesame is largely commercially grown in the country, its level of management is higher when compared to other African countries where production is predominantly by small scale producers. The organic nature of Ethiopian sesame is another preferred trait in the international market which can fetch higher price to the country. Besides, the yearly new ads of exporters into the export market are few of the opportunities that we could explore.

1.2.13 Challenges Of Sesame Seed Export Business

Boere (2015A) explained that Sesame seed can be highly affected by diseases and pests. In high rainfall areas, full crop losses can occur due to leaf disease. In drier areas, leaf disease is no problem at all. Insect pests can technically be controlled using insecticides. And yet it reduced the production volume .which impacts export earnings from sesame seed.

According to Debela (2009),Value addition is the process of transforming sesame locally so as to increase its value in the international market, lack of conducive working environment such as customs administrations and the lengthy and bureaucratic processes people have to go through to obtain bank loans, lack of practical application of legal business frameworks, lack of facilitation business-to-business relations and create support structures from the government, lack of adequate research and development process on the oilseed sector, lack of access to reliable market information, lack of institutional arrangement for the achievement of smooth relationships and good governance among chain actors, lack of improved credit facilities and banking services, lack of improved and standard logistic services are the main challenges of oilseed export in general and for sesame seed in particular. Jalata (2012), also showed the major challenges of Ethiopian sesame seed export by explaining about the supply chain of sesame which is suffered from different challenges “including the adulteration of sesame or mixing of sesame with different sources of varying quality and a lack of transparency among chain actors.” He also stated that, sesame being sold as ordinary seed, without considering and analysing quality characteristics such as oil content, admixture, fatty acid profile due to lack of capacity to accurately measure the quality standards.

As explained by Abera (2009), the selling price volatility of sesame seed across countries is other challenging aspect of sesame trade in the global market. Countries which re-export sesame are mostly the developed countries who buy sesame at a low price from developing and least developing countries and resale after adding value through cleaning and/or processing to improve its quality. For example Japan and England, bought sesame and resale it at more than 50% higher price than primary producer countries. Netherlands, Germany, Israel, Italy, France, Belgium and South Korea are also involved in resale activities. The GAIN Report (2016) also stated that the local and international sesame prices, which are closely linked to one another, are trending downward because of increased global production levels and softening demand in China. As, he cited from

Ethiopian Commodity Exchange (ECX), the price of Humera/Gondar sesame – the reference price for international markets has dropped from about \$1,360 per metric ton in January 2015 to nearly \$860 per metric in January 2016, which leads local traders for complaining about price drop below “acceptable levels”. The drop prices created not only complain for local traders but also it “pinching farmers who are facing difficulties paying off loans”. Dropping down in prices are also expected to drive farmers to plant alternative cash crops. Moreover Aysheshm (2007), stated that with regards to prices negotiation, the Chinese importers are tried to show untrue price agreement made with other Ethiopian exporters and forcing the rest to accept the price they offer. As a result, Ethiopian exporters accepted the price offered and finally sorted it out victimized by the Chinese system.

Even though china is the largest importer for sesame seed in terms of quantity, it wants products in a cheaper price as much as possible and it could not be sustainable for organic farming as it focuses on price rather than quality. This is also another challenge for Ethiopian sesame export sector as china is the dominant purchaser of this seed. Ethiopian Sesame seed Industry opportunity and challenges, (2016), The report also stated that the developed countries demand for obligatory food safety standards which depend on the quality consciousness of consumers and enterprise enforce producers to produce and supply high standards products than ever before. For example the EU and Japan are known for their strict food safety standards and they require the exporting countries guarantee on the strict fulfillments of the rules of food safety standards.

According to Abera (2009), Japan is the biggest world importer of sesame seed and sesame oil, particularly from roasted seed (sesame seed), which is used as an important component of Japanese cooking .However, because of quality problems in the past, Ethiopia could not be an important exporter for Japan. In general, the issue of food safety standard has considered as a reason for poor performance in Japan and EU market. Developing internationally accepted regulations for food safety and standards can be considered as another challenge for the county’s future production and export of sesame seeds (Ethiopian Sesame seed Industry opportunity and challenges, 2016).

As cited by the EPOSEA report (2016) lack of combined effort of stakeholders in struggling for common sesame seed diseases such as bacterial bight, phyllody, Fusarium wilt ,powdery mildew Alternaria leaf spot , and Cercospora leaf spot(DanielEndale,2008) can be considered as the major challenge for Ethiopia to maintain its leading position in the future global sesame seed trade

transactions. The EPOSEA report (2016) stated that, the production of sesame in the areas of North West for both commercial and small farms is going decline “below 3 quintals /ha which is very far below the estimated FAO potential which is 16 quintal/ha” this is also the challenging fact for Ethiopia and need to thought how to increase productivity. In addition this, lack of sesame processing companies in the country also has challenging impact on the growth and competitiveness of the country’s product in the global market. Exporting ordinary seeds without value addition and utilization of industrialized products such as Sesame oil cake, sesame flour and the like also regarded as a future challenge for sesame trade in the global market.

1.3 Rationales Of The Study

Ethiopia ranks 173 out of 189 the poorest countries on the Human Development Index (UNDP HDI 2018). Agriculture is the most important sector in the Ethiopian economy. It accounts for close to 40 percent of the country’s GDP and contributes over 70 percent of the national employment and over 70 percent of export earnings. The vast majority of the population lives in rural areas. Thus, significant economic growth and living standards improvement cannot be achieved unless the agriculture sector grows and its productivity increases. Meaningful poverty reduction and improvement in human development cannot be achieved if agriculture is ignored (NHDR 2018).

Foreign exchange shortages due to weak export performance and high demand for foreign currency will continue to present significant market challenges, particularly for potential Ethiopian buyers of U.S. goods and services. Private sector actors widely complain about the shortage of foreign exchange and point out the adverse implications on their businesses. As a result of the critical shortage of foreign currency, NBE regulations require commercial banks to allocate foreign currency to importers based on GTP II priorities. State owned enterprises and government sponsored infrastructure projects usually are given priority over the private sector when competing for access to foreign exchange. The foreign exchange crunch has intensified recently with delays of more than a year, especially to investors in non-priority sectors. Given the poor performance of exports in past years and growing demand for import of capital goods, foreign exchange availability will continue to be a challenge for businesses in the future. Local sourcing of inputs and partnering with export-oriented partners are strategies employed by the private sector to address the foreign exchange shortage (**Ethiopia - Foreign Exchange Controls 12/11/2018**).

For this particular case they have to keep going on the export business which will be the prospect for the revolution of the economy to add the reserves on the foreign currency and to introduce new thinking on the business and inviting new technologies for its farming. It may lead or encourage the farmers to go up to commercial farming to make better income and modernize the technology they use for plantation of their products. There is practice on the commercial farming in very limited areas.

The main actors are producers/suppliers, collectors, wholesalers, brokers, farmers associations, the auction market (ECX) and exporters. Other important actors are transporters, agricultural input suppliers, consumers and retailers (Shkur, 2011).

The export business by nature inter linked many parties and need their full contribution and involvement to enhance the business at the required level.

So this study will identify all the possible core challenges on the process of exporting quality sesame seeds in Ethiopia by applying survey methods from the selected stake holders which have impact on the processes.

1.4 Statement Of The Problem

Sesame is an important cash crop and plays vital role in the livelihood of many people in Ethiopia. Farmers in Ethiopia face many problems in both production and marketing of sesame. According to Dawit and Gerdien (2010) marketing by smallholder farmers is constrained by the presence of high transaction costs, lack of sufficient market coordination between buyers and sellers, lack of market information, lack of trust among market actors, lack of contract enforcement and lack of grades and standards. Lack of bargaining power along with various credit bound relationships with buyers leads farmers being exploited during the transaction where most of the farmers become price takers as the result farmers are not being able to sustain their livelihood. Lack of order in the market and its actors, lack of integrity in the market actors, product and transaction, lack of transparency in the trading system, limited efficiency in the market, low farmer empowerment and price bargaining power and limited awareness are some of the problems of Ethiopian agricultural marketing (Anteneh, 2013).

Sesame is a priority crop for the government of Ethiopia because it is an important source of foreign exchange earnings and as income for many smallholders. However, despite the high potential for increased production and rapidly growing demand in the international market for

Ethiopian sesame, it is generally felt that the logistical supply chain of sesame suffers from different challenges (Gelalcha, 2009).

The Ethiopian sesame seed export market covers quite a wide range of countries all over the world. Growing demand in the world market and the available capacity to expand sesame production could contribute to the economic growth of Ethiopia. However, sesame production and marketing in Ethiopia have been facing various challenges that need to be addressed. These include low productivity, inconsistency in quality, insufficient warehousing facilities, and poor infrastructure which include the absence of adequate road network and market information among others. These affect the quality of sesame seeds and export competitiveness.

Some of the weaknesses are:

- Highly dependent on a single market.
- Lack of timely international price and production information.
- Absence of standards on local pricing.
- Weak improved seed and modern technology utilization capacity.
- Bureaucratic and inefficient service by some Government institutions.
- Middlemen are able to set low prices in various parts of the value chains to inflate their profits.
- Low negotiation power of farmers and producers making them price takers.
- Lack of knowledge and/or interest to process or to add value.
- Lack of modern processing technology.
- High costs of production.
- Weak synergy among stakeholders.
- Lack of sufficient ICT technology
- High post-harvest losses.
- High dependability on rainfall.
- Incidence of crop pests and diseases
- Lack of well-equipped and suitable experts.
- Infrastructural problem such as weak internet connections(National Green Export Review Of Ethiopia: Leather And Sesame Seeds).

1.5 Research Question

In order to achieve the objective of the study the following basic questions will be addressed:

1. What are current practices of the export business process of the Sesame seeds in Ethiopia?
2. What are the major challenges, which contribute for low achievement of foreign currency through the export of Sesame seeds? Who are responsible for this? What systems, policies, regulations, control mechanisms is leading for these low achievements?
3. What measures should be taken to improve the benefit, income and the source of foreign currency through Sesame seeds export business?

1.6 Objective Of The Study

The objective of this study is to identify the core challenges and propose the best suggestions and recommendations to improve the existing traditional and out dated export business, policies, standards, regulations, trade exchanging system, cleaning and packaging process. This will help us to get best quality sesame seeds exporting process, which is capable of performing it for the best output for the country's foreign currency reserves. Which means it will contribute a significant role on the development of the overall economy.

1.7 Specific Objective Of The Study

Specific objective of this study includes:

1. To identify the limitation and drawbacks of the existing export business process of Sesame seeds.
2. To identify the root causes for contributing the low achievements of foreign currency from the existing export business of sesame seeds.
3. To suggest the improvement measures of the existing export business process of Sesame seeds so as to get the desired outcome.

1.8 Scope Of The Study

The scope of the study lie on the export business process of Sesame seeds only. This research will be conducted by examining the existing process, interviewing key informant interviewers, gathering information from the questionnaire and use secondary data like literature, policies, standards, regulations, research data, and reports.

Chapter 2 : RESEARCH METHODOLOGY

In this part of the study the different methods, instruments, and techniques used such as: a detail description and justification of the methodological choices made to conduct this study, presents the research design, data collection methods including how they are analyzed, interpreted, and discussed.

2.1 Research Design

The design of this research is descriptive since it allows the collection of data through questionnaires and interview that helped to find out the opinion of the population. I used both quantitative and qualitative approaches (mixed approach) as mixed method approach is preferred for better understanding of a research problem by uniting both quantitative and qualitative data. It requires to assess the core challenges on the process of exporting quality sesame seeds in Ethiopia which will affect sesames seed export trade competitiveness.

2.2 Nature And Source Of Data

The target population of the study is sesame seed export business value chain actors. The total target population of this study are sesame seed export business value chain actors. Therefore, the researcher has entertained all of the target groups by distributing 100 questionnaires.

This study is used both primary and secondary data. The primary data is obtained through questionnaire. For the background discussion and theoretical explanations, secondary data were used; Secondary data are obtained from different books, journals and articles, institutions annual performance reports, National Bank of Ethiopia quarter and annual reports, Data publications from Central Statistical Agency (CSA), etc... The study also use related papers prepared by institutions and individuals, Publications and websites of international agencies such as MDGIF and UNDP reports.

2.3 Sampling And Sampling Techniques

The researcher used convenience sampling and distributed the questioners for those sesame seed export business value chain actors. Convenience sampling is a type of Non-probability sampling

that are unrestricted and normally, the cheapest and easiest method John et al.(2007), In the convenient sampling technique, respondents are simply those "who are easily available or convenient to interview" Henning (2016). The researcher used the total population of sesame seed export business value chain actors for this study as a target population. According to the Ethiopian Sesame seed Industry opportunity and challenges (2016), there are 165 exporters who are involved on sesame seed exporting activities. Besides to the report, the CBE MIS data (2016) showed that almost all of its sesame seed exporters are member of EPOSPEA. Moreover, it is the government's policy that forced all items exported to china must be processed only through CBE and China has the highest market share on the importation of Ethiopian sesame seeds. Therefore, I use sesame seed exporters who registered under EPOSPEA.

2.4 Data Collection Methods

The researcher used questionnaire and unstructured interview methods of data collection to obtain data. The questionnaire is used because it has the advantage of participating large respondents than other data gathering techniques. Moreover, interview also supplements for the information gathered thorough questionnaires. The questionnaires and interview questions are designed in English language. The questionnaire has two parts. The first part is about demographic, characteristics of respondents: such as type of organization, educational level of the respondents, type of export business, current position of the respondent in the exporting related company and years in export transaction and the second part deals with the main part of the questionnaire which assess the opportunity and challenges of sesame seed export. The second part of the questions is in a statements form and exporters are asked to express their agreement/disagreement in the five point likert scale and open-ended questions are included. The questionnaires are distributed and respondents were asked to filled up and provide information honestly and return it fast as they can.

2.5 Data Analysis Methods

The researcher used the Statistical Software Package for Social Sciences (SPSS) to compute all the data gathered from the questionnaire. The qualitative method of data analysis is employed for the analysis of data that are collected through personal interviews. The researcher applied descriptive method for data analysis by using mean and standard deviation. The result is presented on

frequency distribution table. After data are presented and analyzed, conclusion and recommendations will draw from the findings.

2.6 Reliability Test

Reliability is defined as be fundamentally concerned with issues of consistency of measures Adams (2007, also define reliability as the consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects.

According to Zikmund (2009), Coefficient (α) represents internal consistency by computing the average of all possible reliabilities for a multiple-item scale. The coefficient demonstrates whether or not the different items converge. Coefficient alpha (α) ranges in value from 0, meaning no consistency, to 1, meaning complete consistency (all items yield corresponding values).

Generally speaking, scales with a coefficient α between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient α between 0.70 and 0.80 are considered to have good reliability, and an alpha value between 0.60 and 0.70 indicates fair reliability. When the coefficient alpha is below 0.6, the scale has poor reliability. This reflects how well the items incorporated under a variable are positively correlated one another and that all represent the variables since the value was close to 1.

Here are seven items that show the computed Alpha (α) value used for the reliability test.

Table 2.1 reliability test

No.	Variables	Items	Alpha
1	Prospects related to Demand	6	.887
2	Prospects related to resource	4	.753
3	Prospect related to marketing	5	.764
4	Challenges related to quality	8	.760
5	Challenges related to market information and price	6	.761
6	Challenges related to infrastructure	5	.797
7	Challenges related to policy and regulations	6	0.743

Chapter 3 : DATA ANALYSIS AND INTERPRETATION

This chapter deals with data presentation, interpretation and analysis of the study. Analysis is also made based upon the findings in relation with the literature reviewed. The chapter has two parts. The first is background of the respondents; and the second part of analysis made on assessment of prospects and challenges of sesame seed export business by using statistical methods of analysis which include a descriptive statistics through SPSS.

To answer those research questions and to meet the main objectives of the research 100 questionnaires were prepared and distributed to exporters who are mainly involved in sesame seed exporter business. Out of these, 90 questionnaires were collected with a response rate of 90%.

3.1. Background of Respondents

The profile questions such as: Type of organization, Work experience, Educational level, current position in the exporting related company, type of export business were presented for respondents. These background data are analyzed and presented as follows:-

Table 3.1 the type of organization of the respondents

	TYPE OF ORGANIZATION					
	PLC	SC.	GOV.COMP	CORPORATION	COOPORATIVE UNION	TOTAL
Frequency	51	21	9	7	2	90
Percentage	56.76	23.65	10.14	7.43	2.03	100

As shown in table 3.1, more PLC respondents were participated. It indicates 51(56.76 %) of the total 90 respondents and the second largest respondents were share company respondents which cover 21 respondents i.e. 23.65% of the total respondent. The government agencies respondents participated on 10.14 % which were 9 in number. There was little participation of corporations

which covers 7.43% (7 in number) of the total respondents. There were also 2 corporate union respondents with a percentage of 2.03%.

Table 3.2 Work Experience of the export business respondents

	WORK EXPRIN EXPOR TBUS					
	1-5 years	5-10 years	10-15 years	15-20 years	Above 20 years	TOTAL
Frequency	50	19	10	3	7	90
Percentage	56.08	20.95	11.49	3.38	8.11	100

As indicated in the table 3.2, 50(56.08%) of the respondents were in the range of 1-5 years, followed by 19 (20.95%) of them who worked with the range of 10-15 years, 10 (11.49%) of the respondents were in ranges 15.-20 years of experience. Only 3 (3.38%) of the respondents were in the ranges of 15-20.The rest 7(8.11%) respondents have an experience of above 20 years. Therefore, most of the respondents have 5- 20 years of work experience in the export business.

Table 3.3 Educational level of the respondents

	EDUCATIONAL QUALIFICATION				
	CERTIFICATE	DIPLOMA	1 ST DEGREE	2 ND DEGREE	TOTAL
Frequency	4	14	60	12	90
Percentage	4.73	15.54	66.22	13.51	100

Table 3.3 shows the distribution of educational level of the respondents .As shown in the table, 4(4.73%) of the respondents were certificate holders, 14(15.54%) were diploma holders. 60(66.22%) of the respondents were first degree holders. The rest, 12(13.51%) of the respondents were achieved Second degree (MA/MSC) .The highest number of the respondents were 1st degree holders followed by diploma and MA/MSC holders. This indicates that more educated people were involved on answering of the questionnaires.

Table 3. 4 Current position of the respondent in the exporting company

	CURRENT POSITION IN THE EXPORT COMPANY				
	Owner	Export Manager	Officers	Others	TOTAL
Frequency	36	34	9	11	90
Percentage	39.86	37.84	10.14	12.16	100

The above distribution table 3.4 shows the varied jobs titles of the respondents in the exporting company. Most of the respondents 36(39.86%), were the Owners. 34(37.84%) of the respondents Sesame seeds exporters Organization Manager . 9(10.14%) of the respondents were Officers working on Plc's and government offices. The rest 11(12.16%)respondents from government office i.e. bankers and customs offices staffs ,facilitators and others.

Table 3.5 the type of export business that the respondents involved

	TYPE OF EXPORT BUSINESS				TOTAL
	PRODUCER	EXPORTER	MIDDLE MEN/CHAIN ACTOR	OTHER	
Frequency	10	53	19	9	90
Percentage	10.81	58.78	20.95	9.46	100

As showed in the above table 3.5 most of the respondents were form the sesame seed exporting company which accounts53(58.78%) from the total response rate. Next to this, there were also market facilitators (middle men/chain actors) responded 19(20.95%)of the questionnaires. The rest 9(9.46%)and10(10.4%)of the respondents were involved in the production sesame seeds and other related activities respectively.

3.2. Descriptive Analysis of Prospects of Sesame Seeds Export

In this section, the analysis is made based on the questions which were prepared to assess the prospects of sesame seed export. The questions were categorized under three variables for the purpose of assessing the study area thoroughly. The data collected for all the three variables are first analyzed separately and then analyzed jointly to associate their cumulative result from the perspectives of opportunities for the sector.

Table 3.6 Demand for sesame seeds

No.	Items	Mean	Standard deviation
1	There is increased Demand in the international market	3.62	.993
2	There is demand in the domestic market	3.48	.965
3	There is high demand for organic sesame seeds	4.28	.846
4	The industrial shift of China & India increased Ethiopia's Sesame Seeds Demand	3.52	.813
5	The increased consumption of Europe & Asia increase annual export volume	3.53	.791
6	The production of Sesame Seeds will increase in the coming years due to its Demand	3.43	.673
	Prospect related to Demand (Group Mean/Standard D.)	3.64	.682

In the above table, analysis of sesame seed export with respect to demand related questions was presented. When the average mean value of the variables is greater than a mean value of 3.00, it indicates the respondents' agreement. Therefore, the above data shows an average mean value of 3.64. In addition to the responses for the questionnaires interviewed people thought that the availability of sample market demands for Ethiopian sesame seed. This implies the agreement of the majority of the respondents that sesame has high demand in the global market.

Table 3.7 Resource availability

No.	Items	Mean	Standard deviation
1	Ethiopia has benefited from its agro-ecological environment	3.45	.910
2	The big and cheap labor force has impact on the production increment	3.45	.999
3	Exhaustive utilization of arable land and suitable climate has an impact to production incremental	3.30	.869
4	Sesame production can be considered as profitable as it is labor intensive	2.90	.969
	Prospect related to resource (Group Mean/Standard D)	3.28	.580

The above table shows the response for the items related to resource availability which may be considered as an opportunity rather than challenge for sesame seed production and export. The average mean value 3.28 indicating the agreement of the majority of the respondents. The mean value of 2.90 indicates, even if the sector is known as high labor demanding than capital, depending on labor might not be as such profitable as expected.

Table 3.8 Marketing

No.	Items	Mean	Standard Deviation
1	Ethiopia has better marketing position in the SS market	2.77	.963
2	The global market Demand has direct impact on export of Sesame Seeds	3.65	.820
3	There is better market for processed seed than raw seed	3.80	1.005
4	Ethiopian will continue in maintaining its SS export earnings from the global market	3.42	.766
5	Exporting processed Sesame Seeds may create stiffer market Computation	2.77	1.307
	Prospect related to marketing(Group Mean/Standard D)	3.28	.451

The assessment was also done from the marketing perspective of sesame seed export prospects. As the data shown above, most of the respondents agreed on there is a market opportunities for Ethiopian sesame seeds as it has an average 3.28 mean value. However, the mean value for the country’s better marketing position and stiff computation due to processed sesame products shows a mean value of 2.77 each. This implies the market may not give assurance for better market positioning and stiff computation.’

Table 3.9 Prospects of Sesame Seed export in general

No	Items	Mean	Standard Deviation
1	Demand related	3.64	.682
2	Resource availability	3.28	.580
3	Marketing related	3.28	.451
	Prospect for sesame seed export	3.40	0.601

The prospects of sesame seed export in general is also investigated through computing the average results of all the variables from the three angles. As the above table shows, the result providing a mean value of 3.40 indicating the agreement of majority of the respondents on the items provided to them in the form of questionnaire. This leads into a conclusion that majority of the respondents believe in that there is a prospect for sesame seed export as demand, resources availability and marketing issues considered as an opportunity for Ethiopian sesame seed trading activity than challenges.

3.3. Descriptive Analysis with the Challenges of Sesame Seeds Export

Similar to the prospect of sesame seed export analysis, this section analyzed based on the questions which were prepared to assess the challenges of sesame seed export .The questions were categorized under four variables for the purpose of assessing the study area in depth. The data collected for all the four variables are first analyzed separately and then analyzed jointly to associate their cumulative result from the perspectives of challenges for the sector.

Table 3.10 Quality and production

No.	Items	Mean	Standard Deviation
1	There is no problem on the quality and quantity produced	2.12	.846
2	There is no problem on the availability of quality seeds	2.25	.795
3	Fertilizers are distribution timely	3.07	.861
4	Pesticides are distributed timely and adequately	3.03	.901
5	There is no high post-harvest losses	3.00	1.164
6	Post-harvest losses have not led to significant reduction in quantity produced	2.95	1.156
7	There no problem by the cause of a Adulteration(mixing of seeds with different items)	3.63	1.008
8	There is a R&D unit that supports SS producers for improved input utilization and new technologies	3.45	1.032
	Challenges related to quality and production (Group Mean/Standard D	2.94	.539

The above table shows that the majority's disagreement on quality production. The average mean value indicated below 3 which 2.94. However, some of the respondents believe in that there is no problem caused by adulteration (mean value of 3.63) and the support of research and development unit for improved input utilization and technologies (mean value of 3.45). The interviewed persons also strongly agreed on the problems of quantity and quality of production and availability of quality seeds on time. According to the above data, quantity and quality of production, post-harvest loss and supply of quality seeds may cause a serious problem that may affect the production volume and quality of sesame seeds in general terms.

Table 3.11 Market information and price

No.	Items	Mean	Standard Deviation
1	Market information is available thus it helped to maintain current marketing position in the global market	2.70	.997
2	The price of Ethiopian Sesame Seed is not dependent on the global Price	2.33	.914
3	Updated international market information is available whenever required	2.93	1.247
4	There is dedicated organ that provide reliable market Information	2.88	.993
5	There is experience sharing practice among SS exporters	2.55	1.064
6	The involvement of middlemen(chain actors) has no impact on the production and export activity	2.98	1.017
	Challenges related to market information and price (Group Mean/Standard D)	2.73	.671

The above table indicates that the respondents disagreement on the availability of market information and the existence of price dependency. All the six items have a mean value of below 3 (2.33 -2.98). The interviewees also commented on the problems related to market information and price volatility nature of the product. They commented on the price bidding problem by ECX they argued that the price of ECX sometimes much greater than the international price and that affect their competitiveness. Moreover, interviewees are agreed on there is lack of professional advice from banks related to letter of credits terms and conditions. Therefore, it is seemed getting market information and price dependency on others, and lack of experience sharing practice among exporters are the challenge for the sesame seed export trading activity.

Table 3.12 Infrastructure and Logistics

No.	Items	Mean	Standard Deviation
1	There is adequate market infrastructure	2.53	.911
2	Logistics and transportation facilities are sufficient	2.62	1.075
3	There are professional freight forwarders	2.77	1.047
4	There are modern and adequate warehouses	3.47	1.268
5	There is no requirement for improved logistics and transportation facilities for the sector	2.56	1.055
	Challenges related to infrastructure and Logistics (Group Mean/Standard D)	2.79	.653

Similar to the previous table (table 3.12) the above table also shows the respondents disagreement on the availability of adequate infrastructure and sufficient logistic services as the average mean value indicated 2.79. There was respondents' agreement on the availability of modern and adequate warehouses (mean value 3.47). The interviewee also mentioned that there is an improvement in the availability of modern warehouses in recent days; they are strongly dissatisfied by the transport service providers. They explained that they are offended by the lengthy process from the producers to the final port to transport sesame. Therefore, even though the mean value of adequate warehouse indicated as above 3, majority of the respondents strongly agreed on the problems of infrastructure and logistics and affected the growth of the sector.

Table 3.13 Policy and regulation

No	Items	Mean	Standard Deviation
1	There are incentives for the sector to promote Sesame Seed production & export	2.92	1.109
2	The incentives are adequate	3.32	1.227
3	The policy proclamation for Sesame Seed promote potential exporters and producers	3.32	1.017

4	Additional policies required for the sector	3.95	.832
5	The existing other export policy encourages SS exporters	3.30	1.062
6	There is trade protection for SS traders	2.78	1.091
	Challenges related to policy and regulations (Group Mean/Standard D)	3.22	.744

Unlike the above three tables (Table3.10, 3.11 and 3.12), this table (Table3.13) shows the respondents agreement on the support of government policy and regulation related to the sector. The interviewed people also have the same agreement in this provision. However, responses from the interviewee indicated that there is a problem of trade protection and the sector is led traditional by trust base with their respective buyers. On the other hand the government privileged palm oil importers by tax exemption and this create frustration for sesame seed producers and processers. The average mean value related to policy and regulation that showed 3.22 and responses from interviewed people implies the respondents' strong agreement on the requirement of additional policy and disagreement on the existence of trade protection and lack incentives to promote the sector. In general, the result indicates although the above problems needs corrective action, policy and regulation issues are not considered as a bottleneck for the trading activity.

Table 3.14 Challenges of Sesame Seed export in general

No.	Items	Mean	Standard Deviation
1	Quality and Production related	2.94	.539
2	Market information and price related	2.73	.671
3	Infrastructure and Logistics related	2.79	.653
4	Policy and regulation related	3.22	.744
	Challenges for sesame seed export	2.92	.651

The challenges for sesame seed export is also investigated through computing the average results of all the variables under challenges of sesame seed export transaction. Table 3.14 above presents the result providing a mean average value of 2.92. Among the challenges market information and price related issues are seems to be more serious and need immediate solutions from the concerned organs. The infrastructure and quality of production are still need due attention. As information's gathered from the interview, the quality, pricing, and reliable market information issues affected the growth of the sector. In general, the result leads into a conclusion that majority of the respondents believed on the existence of problems and transactions are managed under a very challenging conditions.

Chapter 4 : RECOMMENDATIONS, SUMMARY, AND CONCLUSIONS

This study assessed the various aspects of sesame seed such as the production, the increased demand in the global market, the country's export position in the international market, the challenges encountered on the growth of the production and export activities and future treats for the export industry as a well.

4.1 Recommendations

In recent years the country's highest foreign currency generated from sesame seed export. However, the sector is not well developed as the market opportunity proposed. The country should consider its potential and exploit all possible market opportunities. Here are few recommendations proposed to re-evaluate the situation and strengthen the sesame seed export activity.

- Sesame is a major foreign currency generator for Ethiopia. Ethiopian sesame still has important potential in the international market because of its high quality seed varieties Therefore; creating awareness for all concerned parties (from the farmer to final exporter) will help to solve the quality related problems.
- The sector need high focus on integrated work flow. Ministry of agriculture, Ministry of trade, Revenue and Customs Authority, Financial institutions like banks, Transport authority, ECX and Ministry of foreign affairs need to create common understanding and pledge to their obligation by giving due attention in order to facilitate the trading activity and form trade protection for the producers and exporters of sesame seed.
- In addition to the existing policies and regulation, the government need to address additional and revised policies and regulations by considering the dynamic global market conditions. The sector need trade protection, the government need to think about the establishment agency agreement along with the importing countries.
- Exporting processed organic sesame seed can create additional market opportunity and foreign currency generation. Thus, the exporters in this sector need to recognize this opportunity of growth.

- The investors should promote for investments in oil refining, seed cleaning and hulling to add value and gain better market price. Investments in quality, hygiene and food safety measures are needed to create more added values.
- Improve the efficiency of marketing system:
 - strengthen primary transaction centers
 - Improve market information system
 - Strengthen and promote marketing system at grass root level
 - Undertake regular monitoring and checking on quality of oilseed supply to be competitive in domestic and in international market.
- Improve Production and productivity:
 - Build the capacity of oilseed farmers
 - Maximum utilization of oilseed cultivated land potential to increase its volume.
 - Increasing production and productivity, by introducing better Variety of oilseeds and application of appropriate cultural practice of oilseed cultivation.
 - Improving post harvest management system to reduce quantity and quality loss.
- Price bidding in the ECX needs improvement. Some times its price is greater than the international market and it exposed exporters to fail their sells contract agreement. Beside to this, if an additional ECX branch is established near to the major production areas, it may enhance better price information and reduce biases.
- The country's need for foreign currency is dependent on its exportable agricultural items. Sesame seed is one of the leading exportable agricultural products. The government should give due attention to the growth of the sector and encourage producers and exporters. Promoting mechanized farming, giving tax incentives for importation of capital goods like hulling machines, introducing additional agricultural research and development units for quality seed supply are some of the things need due attention.
- Additional modern road construction, railway expansion and airline service will have a vital role to solve infrastructure and transport related issues.
- Bank should have concern on this export business by checking the terms and conditions of the letter of credits and in giving professional advice to the exporters. They can also play an important role at the time of document preparation and negotiation.
- If stakeholders joining together and create a network, discussing on the areas of difficulty, the sector will become beneficial.

- Ministry of agriculture should identify new potential areas of cultivation.
- Energy and telecom facilities should be improved.
- Associations like EPOSPEA should continue their initiation and create awareness sessions by networking all concerned parties and Provide reliable and timely market information to the farmers, processors and exporters

4.2 Summary and Conclusion

4.2.1 Summary

Sesame seed is produced in the north western and south western parts of the country Tigray, Amhara, Oromia and BenshangulGumuz have a loin share on the production of sesame seeds. The Humera and Gonder types are highly prized for their aroma and sweet taste and applied for bakery. The wellega type also highly demanded for high oil content, colour and test.

- Based on the findings, there is a growing demand for oil seeds especially for sesame seeds in the global market. China, Israel, Turkey and Jordan are the main destination countries for Ethiopia's sesame seed. And it gives an opportunity for Ethiopian producers and exporters to become competitive in the world market.
- As the finding indicates, Ethiopia has benefited from the sesame seed export as it exports organic sesame seed which is highly demanded in the global market. In addition to this,
- the quality and quantity of production helped the country to become the 4th leading sesame exporting country in the world.
- The finding indicates that, the policies drawn for sesame seed production support's potential sesame seed exporters. The demand for the sector has a prospect for new entrants. The availability of large arable land and huge labour force also has also a positive impact for the growth of sesame seed production and export business. However, according to the findings the sector will be more productive and increase profitability if it uses mechanized farming.
- According to the findings, Lack of adequate and modern transportation availability is still a challenge for the sector. Even though there are some improvements, lack of modern warehouse is also another bottle necks for the sector.
- From the findings, Sesame seed export price mainly depending on the internal market. This is out of the control of the exporters. It is severely affected the exporters competitiveness.

The price offered by ECX sometimes much more than the international price. Thus, exporters face a problem of meeting commitments as per their sales contract.

- Lack of professional advice at the time of Letter of Credit advice and document negotiation also considered as a problem in terms of price reduction and rarely shipment rejection by the buyers.
- Lack integration among all concerned parties highly affected the transaction flow of the sector.
- Lack of quality production due to lack of timely availability of quality seeds and fertilizers, post-harvest loss related challenges are not yet solved for the sector.
- Exporters have a challenge in getting adequate and reliable market information. Lack of trade protection also considered as a problem to exploit the potential resource and entertain the opportunities from sesame seed export business.

Specific findings were Shortly summarized as follows:-

Production and productivity challenges

- Low level of improved input utilization;
- High postharvest loss;
- Highly dependent on rainfall;

Infrastructural challenges

- in sufficient or limited Rural feeder roads and transportation;
- Very limited modern warehouses and facilities; Limited modern marketing centers /primary, secondary and terminal markets/ specially for other oilseeds except sesame

Skill and knowledge challenges

- Insufficient post harvest technologies and knowhow;
- Lack of advanced value addition technologies
- Low level of modern packaging and processing skill
- Low level of information networking and processing

Competitiveness challenges

- Price fluctuation /Price volatility
- Construct default (both sides-exporter and buyer)
- Low Negotiation capacity of exporters
- High transaction cost for all oilseeds expect Sesame seed

4.2.2 Conclusion

According to the findings, the following conclusion is drawn in relation with the literature review. There is high prospect for sesame seed export transactions in the global market. Agriculture in Ethiopia continues to be the leading sector, and in turn smallholder agriculture sub- sector continues to dominate this sector. As a result, commercialization of smallholder farms has been viewed by the government of Ethiopia as the major source of agricultural growth in the country.

A recorded literature suggests that one form of smallholder farmers' commercialization is through production of cash crops and cash crops are conceivable to be the major source of export revenue and contribute to livelihoods diversification and poverty alleviation by directly increasing the farm household's income earning potential. This is possible only if there is active participation of smallholder farmer's in production and marketing of such crops. Here, the key effort should focus on identifying those factors that explain and stand to determine farmers' decision to participate in the field.

A long value chain characterizes sesame value chain in Ethiopia, which includes producers, village traders or collectors, wholesalers/brokers, oil millers, exporters, retailers and local consumers. Unlike the commercial farmers who directly sell to exporters or oil millers, small holders output has to pass through the long market chain. The oilseeds chain starts with a very large number of smallholders, each producing a very limited quantity. Transaction costs are involved in each transaction, lowering the price for the farmers.

Sesame is the major cash crop for smallholders in Ethiopia. And there is a potential arable land for further production in the different areas of the country. The production technique was still dominated by traditional which put farmers in sesame producing areas like Humera and Metema, at least in using modern technology for sesame production.

Lack of improved seed, lack of awareness about the importance of sesame in the area and lack of knowledge and capacity to use fertilizer for sesame production are the other major factors resulting in low productivity of the crop in different areas.

In addition, access to rural credit service was found to be a significant factor, both in participation decision and the level of sesame production participation. This implies that credit

availability is one of the key institutional factors that determine farmer's decision status in sesame production. This is because sesame production requires high working capital by easing the liquidity constraints of smallholder farmers.

The type of sesame collectors or traders who buys sesame from farmers also matters for variations in income earned from sesame sell. Cooperatives are found to be the major channel for farmers to secure better income from sesame produce in different areas. This is because cooperatives are believed to pay better price and provides other market related information; hence those farmers who have sold their produce to local cooperatives were found to generate better income than others. Access to market information was also found to be an important factor in securing better income from sesame sells for smallholders. This is because sesame is one of the international crops in which its price is linked to international markets; hence market information is necessary and significantly determines the level of income farmers derives.

The Sesame marketing has been constrained by diverse factors: shortage of modern inputs, shortage of capital, lack of timely and accurate market information, and poor quality of packing materials were few of the inherent problems. Besides, the lengthy export procedures, and corruption practices by some institutions are the main and challenging problems for the majority of traders.

The problems related to quality production, infrastructure, reliable market information, price, trade protection, post-harvest loss, integration among all responsible organs, etc... are the problems of today's sesame seed producers and exporters.

It can be concluded that, even though the sector has a great opportunity, it is being managed under challenging environment from both internal and external trade barriers.

4.2.3 Limitations Of The Study

The study is limited to assessing the core challenge of exporting quality sesame seed in Ethiopia. The study is limited in its depth and coverage to fully address the aforementioned objectives of the study. The area, export performance and its challenges on quality sesame seeds determinants, being vast and crucial for growth and development, many determinant measures could be used for determining the core challenge of exporting quality sesame seed in Ethiopia. However, shortage of time was one of the limitations in conducting this research

paper. Lack of organized data regarding the core challenge of exporting quality sesame seed in Ethiopia was another limitation of the study that imposed lots of work on the researcher in organizing different sorts of data to get consistent information.

4.2.4 Direction For Further Research

This research is conducted to assess the core challenges on the process of exporting quality sesame Seeds in Ethiopia. While conducting this research , the researchers investigates different challenges and opportunities that the countries encounters . So the researches proposes to conduct further research on the area of enhancing quality sesames production capacity and identification of new cultivation land .

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APPENDIX I : ABBREVIATIONS

EPOSEA:	= Ethiopian Pulses and Oil Seeds Exporters Association
EPOSPEA:	= Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association
CBE:	= Commercial Bank of Ethiopia
CRO:	= Customer Service Officer
CSA:	= Central Statistics Agency
DD:	= Demand
ECX:	= Ethiopian Commodity Exchange
FAO:	= Food and Agriculture Organization
FDI:	= Foreign Direct Investment
FOB:	= Free On Board
GAIN:	= Global Agricultural Information Network
Ha:	= Hectare
MDG:	= Millennium Development Goals
MDGiF:	= Millennium Development Goals international Fund
MT:	= Metric Ton
NBE:	= National bank of Ethiopia
SPSS:	= Statistical Package for Social Sciences
SSA:	= Sub Saharan African Countries
SS:	= Sesame seed
TSSO:	= Trade Service special Outlet

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APPENDIX III: SURVEY QUESTIONNAIRE FOR ACCESSING THE CORE CHALLENGES ON THE PROCESS OF EXPORTING QUALITY SESAME SEEDS

**School of Management Studies
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
MBA Program**

Questionnaire prepared for accessing the core challenges on the process of exporting quality Sesame Seeds

Dear Respondents,

This questionnaire is prepared to collect data for Project Report on the topic of "accessing the core challenges on the process of exporting quality sesame seeds". The study is to be undertaken for the partial fulfillment of the requirement for MBA program. For the successful accomplishment of the study, your response will be used as a valuable input. I assure you that the information you will provide will be used only for academic purpose and will be kept confidential. Therefore, I request you to fill the questionnaire genuinely and without any bias.

Thank you in advance for your co-operation!

Researcher Name: **Endalkachew Mekonnen**

Contact Address Tel: **Mobile + 251-911-89-64-63**

Email: **endomek@gmail.com**

Directions:-

1. Writing your name is unnecessary.
2. Put tick mark as per the questions required in the box and put your short and precise answer in the space provided.

Part One: Demographic Information

Instruction:-

Please tick in one of the boxes below:

1 Type of organization?

- Private Limited Company Share Company Government Corporation Cooperative union

2 How long have you worked in the export related business?

- 1-5 years 5-10 years 10-15 years 15-20 years above 20 years

3 Educational Level?

Certificate Diploma Degree Second Degree PHD

4 Current position in the exporting company/ office?

Owner Export Manager Officers others

5 Type of export business you engaged?

Producer of sesame Exporter of sesame Middle men other (specify) _____

Part Two:

1. View of Respondents on the prospects of sesame production and export in Ethiopia.

Please mark what you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

A. Demand related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The demand for Ethiopian Sesame seed In the international Market has increased from time to time.					
2	The demand for Ethiopian sesame seed in the domestic market has increased from time to time.					
3	There is a high demand for organic sesame seed in the global market					
4	The industrial shift of major sesame seed producers (such as China and India) has a contribution on the Ethiopian sesame seed export growth					
5	The increased oilseeds' consumption in Europe And Asia helped Ethiopia to increase its annual export volume					
6	The production of Sesame seeds in Ethiopia will increase steadily in the coming years					

B. Climate condition and Resource availability related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Ethiopia has better marketing position in the global sesame seed market					
2	The global market demand for Sesame seed has a direct impact on the export trade of sesame seed					
3	There is a better market for processed sesame seeds than raw seeds					
4	Ethiopia will continue to maintain its sesame seed export earnings in the coming decades					
5	If Ethiopia shifts to exporting fully processed sesame seed, it would face a much stiffer competition in the global market.					

2. View of respondents on the challenges that may affect sesame seed production and export activity of Ethiopia

Please mark what you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

A. Quality and production related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	There is no problem on the quality and quantity of sesame seed production					
2	There is no problem on the availability of quality seeds					
3	Fertilizers are distributed to producers timely					
4	Pesticides are distributed timely and adequately for the prevention of common sesame seed diseases					
5	There is no high post-harvest loss in the sesame seed production					
6	Post-harvest losses have not led to a significant reduction in quantity produced					
7	There is no problem because of Adulteration (mixing of seeds with different items)					
8	There is a research and development unit that supports sesame producers for improved input utilization and new technologies					

B. Market information and price related

No.	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Market information is available thus it helped to maintain current marketing position in the global market.					
2	The price of Ethiopian sesame seed is not dependent on the global price					
3	Updated international market information is available for Ethiopian sesame seed exporters whenever required					
4	There is a dedicated office or organization that provides reliable market information for sesame producers and exporters					
5	There is experience sharing practice among exporters					
6	The involvement of middlemen (extended supply chain) has no impact on sesame production and export activity					

C .Infrastructure and logistic related

No.	Questions	Strongly Disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly Agree (5)
1	There is adequate market infrastructure available for sesame seed trade and export					
2	Logistics and transportation facilities are sufficient and accessible for all parties (producers to exporters)					
3	There are professional freight forwarders that facilitate the export trade					
4	There are modern and adequate warehouses for sesame seed storage					
5	Improved logistics and transportation facilities are required for the sector					

D. Policy and regulation related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	There are incentives given by the government to promote the sector. (sesame production and export)					
2	The incentives given by the government are adequate					
3	The policy and regulations proclaimed for sesame seed production and export promote potential exporters					
4	Additional policies must be drawn by the government to further enhance sesame seed export					
5	The existing export policy for export sector in the country also encourages sesame seed exporters					
6	There is a trade protection for sesame seed traders who are affected by defaulting buyers					

II. Open ended questions

1. What opportunities does the country have in sesame seed export trading?

2. How can the country maintain and increase its market share in the future?

3. In your opinion, how far is Ethiopia actively involved in the world sesame seed business?

4. What bottlenecks/challenges are there for the sesame seed production and export sector?

5. What solutions do you suggest to minimize or eradicate the challenges that affect sesame seed export process?

6. What policy changes are required to promote this sector (sesame seed export sector) in the future?

7. If you have any additional comment or suggestion:

APPENDX IV: INTERVIEW QUESTIONNAIRE FOR ACCESSING THE CORE CHALLENGES ON THE PROCESS OF EXPORTING QUALITY SESAME SEEDS

1. Do you think that there is a high potential for Ethiopian Sesame Seeds production and rapidly growing demand in the international market ?
2. Is there a Growing demand in the world market and the available capacity to expand sesame production could contribute to the economic growth of Ethiopia?
3. What are current practices of the export business process of the Sesame seeds in Ethiopia?
4. What are sesame seeds export opportunities and threats ?
5. What systems, policies, regulations, and control mechanisms are leading for these low achievements?
6. What would be sesame production and marketing main challenges in Ethiopia?
7. How do you evaluate the lack of integrity in the sesame seeds value chain actors ?
8. What are the major problems, which contribute for low achievement of foreign currency through the export of Sesame seeds?
9. What are the major effect of the quality of sesame seeds and export competitiveness?
10. What are the possible core challenges on the process of exporting quality sesame seeds in Ethiopia ?