



NOTE FROM THE FIELD

Sesame Sector Support Boosts Incomes

A USAID/Paraguay program addresses ailing sesame sector by improving production and producer-buyer relations



Photo by Germán Ortíz

A sesame farmer in north-central Paraguay demonstrates a post-harvest drying technique for sesame. Helped by crops like sesame, the proportion of the rural population living in extreme poverty decreased from 29 percent to 21 percent between 2003 and 2005.

"One of the advantages of sesame is that we can grow it as small producers, even though we aren't very organized," says Ceferino Martinez, a sesame farmer in north-central Paraguay. "For that reason the assistance that we get from the agronomists that come (USAID/Paraguay) is important, so that we aren't doing everything alone."

In 2003 times were tough for Ceferino Martinez, a small farmer growing cotton in north-central Paraguay. Lower world prices for cotton coupled with smaller harvests meant deteriorating living conditions every year for Ceferino and his family.

Ceferino was not alone. In 2003 widespread poverty and unemployment posed a serious threat to the country's democratic transition. From 1989 to 2002 per capita income fell by 27 percent, and exports declined by 5 percent. Extreme poverty in the rural areas rose to 31 percent. San Pedro and Concepción, departments located in the north-central part of Paraguay where Ceferino and his family live, had the highest poverty rates in the country with more than half of the population living below the poverty line.

In the midst of these worsening economic conditions in 2003, USAID/Paraguay launched its poverty reduction program called Paraguay Vende. The program identified the sesame sector as a promising opportunity for growth and increased income, provided some key obstacles within the sector could be overcome. Although north-central Paraguay is ideal for growing sesame, in 2003 national sesame production was below 20,000 tons per year. Meanwhile, sesame processing facilities in the area were unable to fill orders from Japan and Korea. The supply base was having difficulty providing the quantity and quality of raw, industrial grade sesame necessary for commercial processing. The biggest need from the processor's perspective was for an increase in a more labor-intensive type of sesame that can only be harvested by hand.

To further complicate the situation, in early 2003 there was no precedent for close interaction between farmers and sesame processors. The environment for collaboration was marred by feelings of mutual distrust and suspicion between the two groups. The trust

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INTERVENTION IMPACT SNAPSHOT

Direct cost of interventions:
\$195,000

Number of days of employment generated:
1.4 million

Increase in sesame sales attributable to project interventions:
\$8 million

Intervention cost to sales benefit ratio:
1:41

required for building commercial relationships was absent, and some of the processors were considering whether to move their operations to other countries.

In 2004 the Paraguay Vende project signed cooperation agreements with four sesame processors and a farmer's cooperative. The project aimed to increase the productive capacity of sesame farmers like Ceferino throughout north-central Paraguay to meet the demand for sesame from Japan and Korea. It assisted producers in solving problems and meeting specific requirements of identified buyers, from planting to post-harvest handling and logistics.

Five months later, Paraguay Vende estimated that expanded sesame farming generated approximately 800,000 days of work. Following two years of assistance to firms and farmers, USAID/Paraguay helped to double sesame production in the country.

Recently, the Sesame Chamber of Paraguay estimated that sesame exports from Paraguay increased by \$20 million between 2004 and 2007. The four sesame processors receiving assistance from USAID/Paraguay increased their own exports by about \$8 million. More than half of this amount went directly to small producers, such as Ceferino Martinez, who supplied the processors with the necessary raw material at the quality and quantity levels required by the processors. The sector has also drawn a number of other rural entrepreneurs to provide additional services, such as consolidation and distribution of sesame, to respond to the needs of firms and farmers in the sector.

Although there are still opportunities to strengthen relations between small producers and processors—through improving the quality of sesame, post-harvest handling, and availability of information for prices at the selling point—progress within the sector is clear. Thousands of farmers like Ceferino Martinez in Paraguay's impoverished north-central zone and throughout the country have attained higher incomes and better lives through the growth of the sesame sector and assistance from USAID.

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