



Samanu's Inclusive Sourcing Model for Domestic Oilseed Production

Company:	Samanu
Sector:	Edible oils / Food processing
Location:	Ethiopia
Pilot Duration:	2023–2025
Investor Partners:	Norfund and consortium investors
Investments:	\$21M



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Commercial Agriculture for Smallholders and Agribusiness

Our approach

The Commercial Agriculture for Smallholders and Agribusiness (CASA) Technical Assistance Facility (TAF) supports agribusinesses that source from smallholder farmers across Africa and Asia. Our approach involves working closely with agribusiness management teams to develop an Inclusive Business Plan (IBP) – a roadmap for the agribusiness to deepen, broaden or strengthen supply chains in a way that delivers value to both smallholders and shareholders.

An Inclusive Business Plan (IBP) is a piece of thorough analysis produced over 3-6 months that:

- Diagnoses smallholder supply chain challenges;
- Identifies or validates the inclusive business growth opportunity, aligned to commercial objectives, identifying opportunities for greater commercial and smallholder impact;
- Quantifies the opportunity in terms of commercial value for the business and impact for smallholder farmers;
- Lays out a strategy to access the opportunity including investment and any partners required;
- Maps out an implementation plan; a linked package of technical assistance and blended finance structure, including required partnerships to support the inclusive business model.

Company Description

Samanu is a leading Ethiopian fast moving consumer goods (FMCG) company carrying brands such as Aquasafe (mineral water), Aura Beauty (bath soap), Chef Luca (pasta noodles), Tena Oil (edible oil), and 555 (laundry soap and detergents). Samanu operates a refinery plant in Dukem and has received a \$21M growth capital investment from Norfund and a consortium of partners that funded a new solvent extraction plant (SEP) enabling the company to produce crude edible oils from locally sourced sesame, sunflower, soybeans, and canola. The investment aims to substitute imported dollar-denominated crude oil, significantly reducing SAMANU's hard currency needs and enhancing the resilience of its business model.

Sector Overview

In Ethiopia, the edible oils market remains heavily dependent on imported crude oil, which exposes businesses to volatile foreign exchange conditions. At the same time, domestic oilseed production—particularly sunflower and canola—is underdeveloped due to:

- Limited access to high-quality seeds and tailored input packages.
- Insufficient extension services and weak market linkages.
- Climatic challenges and inconsistent application of agronomic practices.

Samanu's initiative seeks to address these gaps by building local capacity, improving input access, and promoting crop rotation practices that enhance soil fertility and long-term yields.

Inclusive Growth Opportunity

Samanu aims to be the leading buyer of sunflower in Ethiopia, addressing a large and growing consumer demand for sunflower oil. Among edible oils' consumption volumes, sunflower oil has a higher compounded annual growth rate of 26%, compared to palm oil's 11% and soybean's 19%.

To support Samanu's business expansion, the inclusive business plan (IBP) strategy focused on establishing a new sourcing model for the sunflower and canola value chains. The model involves working with trusted intermediary agents and farmer cluster groups, and these agents are envisioned to provide financing, extension, and services to farmers to grow supply, while reducing side-selling risks. Samanu also established a field and extension team that provides agronomic advice, capacity building, and monitoring support to intermediary agents and farmers. The overall model intends to:



Empower smallholder farmers by providing alternative crops to maize, soybean, and other staple crops and providing access to high-yielding and improved seed sunflower and canola varieties. Enhanced access to financing will further help farmers boost productivity and secure more stable incomes.



Leverage local networks through trusted intermediary agents and farmer cluster groups that are key in distributing inputs, providing extension services, and securing offtake contracts for Samanu's solvent extraction plant (SEP). This integrated approach minimises operational costs and reinforces vital market linkages.

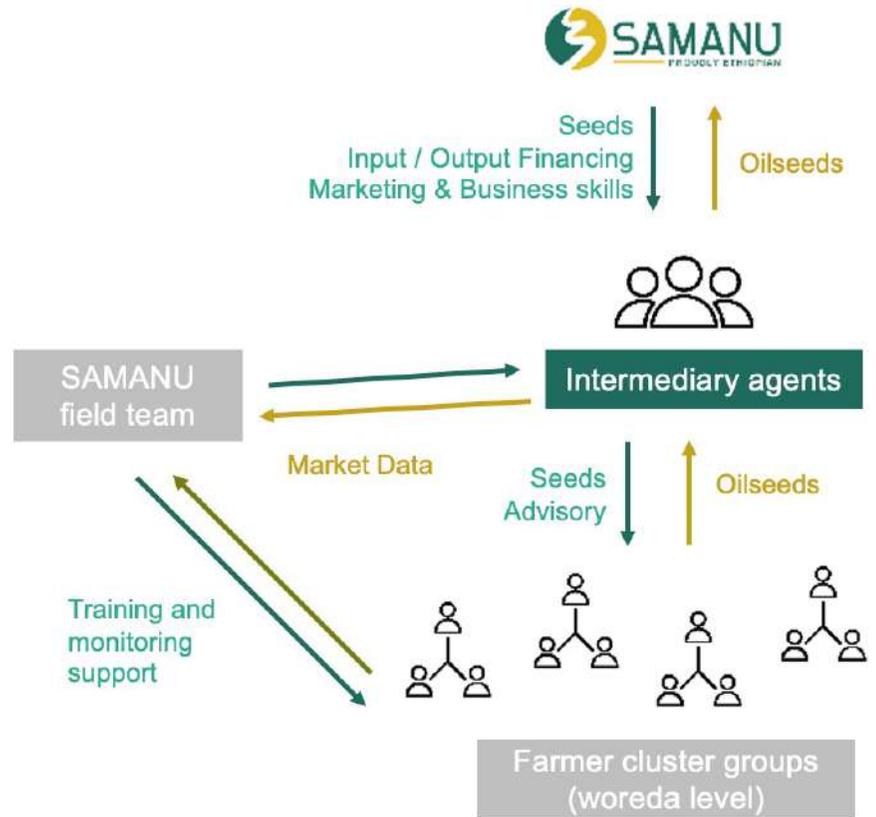


Strengthen supply chain resilience by reducing heavy reliance on costly imports, which will lower foreign exchange exposure while establishing a solid domestic sourcing network.

This strategy is designed to create transformational impact for smallholders and long-term commercial value for Samanu.



How the Sourcing Model Works



Samanu's model involves:

Samanu Field Team:
Agronomic experts and extension teams are assigned to various sourcing areas to work effectively with intermediary agents, farmer cluster groups, and government extension officers to provide training and facilitate sourcing and procurement activities of sunflower and canola.

Intermediary agents:
Trusted local partners who distribute seeds, aggregate produce, and offer technical assistance. These agents help mitigate risks like side-selling and ensure consistent delivery.

Farmer cluster groups:
Organised groups of smallholders who receive tailored input packages, training, and extension support from Samanu's dedicated field team.

This direct sourcing model is being piloted initially in Jimma and South regions, with ongoing adjustments based on field data and farmer feedback.

Expected Impact

The pilot aims to initially engage approximately **4,000 smallholder farmers**, with the potential to scale up to benefit over **85,000 farmers in the long term**. The implementation of the IBP and pilot are expected to result in the following outcomes:



Enhanced smallholder incomes: Participating farmers could earn an additional annual income of around \$100 per household through better access to quality seeds, inputs, and extension services.



Reduced FX Exposure: By developing a robust domestic oilseed supply chain, Samanu can significantly reduce its reliance on imported edible oils, lowering foreign currency requirements.



Commercial Growth: Early projections indicate that the model will improve supply chain resilience and drive increased volumes to the SEP, reinforcing Samanu's competitive edge in the market.

Pilot Roll-Out and Implementation

The pilot phase is focused on testing and refining Samanu's inclusive sourcing model for sunflower. Key actions include:

1

Seed field trials: Conduct trials to identify high-yielding, imported and locally available sunflower and canola varieties.

2

Intermediary agent capacity building: Identifying and training intermediary agents to provide bundled services including input provision, aggregation, and off taking.

3

Farmer cluster formation and Training of Trainers (ToT): Technical support to Samanu's field team and farmer cluster groups focused on sunflower good agronomic practices to increase production.





Early Insights and Results

Preliminary results from the sunflower pilot indicate promising progress. Strong farmer engagement and early performance data – with nearly 4,000 smallholders participating during the main season – are already highlighting the model's potential to deliver both improved farmer outcomes and enhanced supply chain performance.



Best performing seed varieties identified: 16 seed varieties were tested through field trials and demo plots through the pilot; 5 sunflower and 3 canola varieties were initially shortlisted for potential uptake in the next seasons.



Sunflower production established and expanded: The pilot demonstrated that sunflower can be produced in Jimma where it is considered as a relatively new crop. In the South, there is interest to expand production beyond household consumption levels with the establishment of market demand from Samanu.



Sourcing model developed: 9 intermediary agents were identified (6 in Jimma and 3 in South Omo), and ~4,000 farmers were engaged through cluster groups identified and organised together with local government partners.

Next steps

Building on early successes and lessons learned, the following steps are planned to further optimise the sourcing model:

Increase access to quality seed varieties: Develop strategies to increase the supply and availability of local seed varieties and localise imported sunflower/canola seed varieties in the long term, reducing overall costs for farmers and improving productivity, and oil content/quality.

Improve business acumen of intermediary agents: Continue developing intermediary agents as entrepreneurs to efficiently deliver inputs to farmers, coordinate aggregation services, and ensure product quality of sunflower and canola.

Expand training programmes for farmer clusters: Consistent and timely agronomic training for farmer clusters focused on sunflower production to increase productivity to meet Samanu's overall demand.

Samanu's inclusive sourcing model for sunflower represents a strategic shift towards domestic oilseed production in Ethiopia. By leveraging a network of intermediary agents, farmer clusters, and robust technical assistance, Samanu is well-placed to reduce its reliance on imported crude oil, enhance smallholder livelihoods, and improve overall food security. With continued refinement and scale-up, the model promises to deliver significant commercial and social benefits, positioning Samanu as a leader in the domestic edible oils market.



The FCDO-funded Commercial Agriculture for Smallholders and Agribusinesses (CASA) Technical Assistance Facility (TAF) partners with investors with development interests to increase the smallholder impact of existing investments. We design, co-fund, and manage delivery of inclusive technical assistance (TA) projects at selected agribusinesses that can drive commercial and social impact by strengthening, deepening, or broadening inclusive supply chains.

Over its seven-year life cycle, the CASA TAF will collect data on the impact of inclusive technical assistance, not only at the farmer-level, but also at the portfolio company and investment fund level. The objective is to learn and to influence DFIs, impact investors, commercial investors, and TA providers on the significance of generating compelling evidence to track commercial and development impact metrics, thus demonstrating the value of inclusive TA.



[CASA Programme Technical Assistance](#)

For further information:

Melanie Machingawuta
Senior Director, Inclusive Investment
mmachingawuta@tns.org

Ana Herrera
CASA TAF Team Lead
aherrera@tns.org