

# IMPROVING RURAL LIVELIHOODS THROUGH SHEA BUTTER BUSINESSES, A CASE OF WOMEN IN MARKETS IN NORTHERN GHANA

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**Country: Ghana**

**Sector: Agriculture**

## CONTEXT

Northern Ghana is one of the poorest regions in the country. The dependence of rural households on rain-fed agriculture predisposes them to unprecedented risk of crop failures and food insecurity. The increasing cost of agricultural inputs continues to erode the little gains farmers make, threatening household income. Distressed by this situation, women have turned to complementing family income through the shea business.

Shea trees are indigenous assets, and grow in the wild in the northern savannah areas of Ghana. In these areas, shea nut collection and butter production is an accepted economic activity and way of life for most women. During the shea nut season (May to July), women go to the fields as early as 4:00am to collect shea nuts. Shea nut collection is a competitive activity since the nuts are collected from the wild on a first come basis. The trees are located far from the homestead and women must brave the dangers associated with walking into remote areas to collect shea nuts. What is gathered is then processed into nuts (kernels) and sold at market or to cooperatives for processing into shea butter.

Shea butter is an important ingredient for a number of industrial processes in confectionery, cosmetics and pharmaceutical industries and is therefore a high value commodity that has potential to attract good prices and generate a profitable income. In northern Ghana alone, the Shea butter industry has the potential to increase incomes and food security for 900,000 women. Locally, it also has several uses such as cooking oil, body cream, lamp fuel, and for medicinal preparations.

- A value chain analysis co-ordinated by SNV highlighted that woman producers were not realising the full benefits of their participation in the shea sector due to a series of challenges:
- Oversupply of nuts during the season, leading to very low unit prices. The need for immediate cash often forces women to sell their stock at a loss.
- Processing shea butter using the limited manual facilities owned by the cooperatives is a labour intensive and dangerous activity. However such hand crafted shea does not attract a price premium.
- There are few buyers, therefore competition is limited and butter prices are not well benchmarked.
- Although a traditional activity for which women have indigenous skills, Shea butter processing can be industrialised, for which sophisticated skills and expertise is required. The more butter processing becomes mechanised, the higher the risk of rural women being excluded from the process and the benefits.

In recognition of these challenges, SNV approached Sundial Brands, a health and beauty manufacturer, to partner with the women's cooperatives to address these challenges. Sundial Brands, and its local partner Savanna Fruit Company developed an agreement with SNV and women shea cooperatives to address these challenges while providing a ready market for their shea butter.

## CLIENTS

## METHOD / SNV INTERVENTION

- Savanna Fruit Company
- Bandisuglo Shea butter society, Pagsung Women Shea Butter Cooperative Society, Tiyumtaba Women Shea Butter Cooperative Society, Tibon Yem Women Shea Butter Cooperative Society and SugloMboribuni Women Shea Butter Cooperative Society.
- Sundial Brands

SNV in co-operation with Sundial Brands explored interventions to increase profitability for five beneficiary co-operative societies: Bandisuglo Women Shea Butter Cooperative Society, Pagsung Women Shea Butter Cooperative Society, Tiyumtaba Women Shea Butter Cooperative Society, Tibon Yem Women Shea Butter Cooperative Society and SugloMboribuni Women Shea Butter Cooperative Society.

Seasonal fluctuations in the supply of shea nuts affect prices, therefore the capacity to buy and stockpile nuts stabilises prices for women processors. However, due to the short term need for income, women are often forced to sell at low prices, and it is estimated that as a result some intermediaries are profiting by margins of 300-500%. Sundial Brands through local partner Savanna Fruit Company, made a local purchase agreement with the women cooperatives, guaranteeing a market for their shea butter while prefinancing shea nut purchases in order to cushion against heavy price fluctuations. Through this support, shea price fluctuations reduced in 2014, leading to a more stable supply of butter, and an improved margin for the co-operatives.



Women sorting shea nuts

Shea butter production is tedious, labour intensive and time consuming. To ease this burden and to increase capacity for women processors, Sundial Brands provided equipment such as crushers, roasters, energy saving stoves and polytanks for water storage. A storeroom, kneading shed and cooking shed were also constructed. To ensure the production of quality shea butter to meet Sundial Brands market requirements, SNV trained the women producers on quality processing procedures.

Between April and December 2014, Sundial Brands placed an order of 180 tons through Savannah Fruits Company (SFC). Due to the new processing equipment and training, the co-operatives had the capacity to exceed the order and produce 530 tonnes of butter, more than ever before.

Adequate financing to buy and process nuts is often a major market barrier for women producers. Due to the high transaction costs of servicing many small clients in remote areas, many banks and micro finance institutions are unwilling to finance these activities. To address the financing gap in the short term, Sundial Brands and Savanna Fruit Company prefinanced the women cooperatives to increase purchasing and stockpiling of nuts, stabilising shea

## OUTCOMES

butter supply and prices. This has facilitated the co-operatives to significantly increase the amount of butter processed. Sundial Brands introduced a premium for every kilo of butter produced. This premium has motivated the women to produce more butter, thereby increasing and stabilising incomes.

While women cooperative members buy and process nuts, and sell butter individually, the cooperative facilities are owned collectively. The collective use of these facilities requires a commercial understanding of fixed asset costings, efficient processing, cost management, equipment maintenance and management, labour optimisation, and healthy and safe production technologies. SNV trained the cooperatives in these areas to prepare them for full cost operation.

Despite being considered a traditional and undeveloped industry, shea has improved rural livelihoods immensely. Many women are making a reliable income, improving their family lives and building a sustainable future from the Shea nut and butter business.

Frequent food shortages are common in this region, occurring for 3 to 5 months every year. The stable income from shea is increasing food security, as women producers can afford to buy food when crops are not in season or have failed, and they also have the income to educate their children. Women talk about this achievement with pride.

Through their co-operatives women processors are demanding better prices from all shea buyers. Sundial Brands provides a guaranteed and profitable market option for the women at local level. This collaboration has educated the women processors on the business potential of Shea butter, and they are more selective about whom they sell their butter to. Improved capacity for and knowledge of quality production has created the positive pressure for other buyers to increase prices paid to women processors for shea.

Incomes from Shea have also had positive effects on gender relations. At a recent meeting with Sorinwninye Shea Nuts Cooperative, women acknowledged how the income from shea has restored hope in their future, and dignity for their husbands, whose apparent inability to take care of their families imposes immense social pressure. The income earned by women and the new role they play as providers has earned them respect from their husbands and created space for them to be entrepreneurial.

The potential of Shea butter production across West Africa is high, and as a predominantly female economic activity presents a significant economic opportunity for women.

## IMPACT

The Shea industry currently provides employment and income for approximately 900,000 women in three regions of Northern Ghana. In 2014, Shea butter prices increased from USD 1.4 to USD 2.2, increasing womens' incomes by 50%.

The guaranteed market through Sundial Brands and the prefinancing arrangement has increased the Shea butter production of the five cooperatives from 30 tons to 530 tons in 2014, resulting in cash revenue increase from USD 42,000 to USD 954,000.

Rabi and Amina's testimonies below demonstrate the life changing potential of shea. Market opportunities increasing benefits and opportunities for women, improve livelihoods across communities through increased food and nutrition security and access to education. Recent studies have shown that

## LESSONS LEARNED

an increase of USDD 10 in women's income achieves an equivalent impact in household food and nutrition security as an increase in men's income of USD 110 (CTA, 2014).

The new role that women assume in providing for their families is also changing gender norms and perceptions. Positive acceptance of women in business is facilitating gender transformation in a culturally acceptable way.

1. Women shea businesses are currently informal; a lot of manual labour goes into the processing activities. As the business grows and becomes more sophisticated, there is danger that women are edged out of the business because they cannot compete effectively. A strategy supporting women to retain their part of the value chain needs to be explored.
2. Business development support is crucial for women's enterprises. The cooperatives are not yet independently viable businesses, are heavily subsidised, and still require further assessment and support. Increasing women's business skills and acumen to manage profitability, cost structures and labour will help ensure sustainability.
3. Dependence on a limited number of buyers predisposes women processors to price exploitation, hence creating competition is vital. The bonus scheme with Sundial supports this.
4. Shea is a high value global commodity. A better understanding of the global value chain will help more value distribution to women processors.

## TESTIMONIALS

*"Comparing Sundial prices to that of other buyers, Sundial is far better. They pay before you process, provide packaging material and still give a bonus."*

**Rabi Fatawu, Bandisuglo Co-operative.**

*"We feel empowered with knowledge and information, and we can decide who to sell to. Our husbands now respect us more, because we are able to take the shame off their faces by feeding the family even when the granaries run dry. I even bought a smock for my husband for the damba festival! I have never seen gold; but for me, shea is my gold."* **Amina Seidu, Sorinwninye Shea Pickers & Marketing Society.**

*"We allow our women to go for trainings and participate more in shea business because the more they go the more income they bring".* **Mr Saibu Zakaria, Tibon Yem Co-operative.**

## STANDARD DATA

<b>SNV Investment April 2014 to March 2015 in the Sundal Community Commerce project</b>	<b>Primary Process Days and costs in Euro</b>
• Number of PP-days already invested	96 PPD
• PPD LCB:	0
SNV staff PPD -	120
Total costs of PPD LCB	0
Number of days and total costs of PPD consultants	144 for USD 30,000
Programme support costs (trainings, meeting etc)	USD 98,000
Relevant partnerships	Sundial Brands Savannah Fruit Company
Client satisfaction and enhanced capacity scores on outcome and impact.	Sundial Brands is satisfied and has increased budget from USD 100,000 to USD 500,000 for one year.

Project:	Sundial Shea Butter Community Commerce Project
Donor:	Sundial Brands
Budget (USD):	128,000
PP (Program staff) Days to 02/2015	98: 1 staff, 1 Intern No Local Capacity Builders
Partners	Sundial Brands. Savannah Fruits Company Women Cooperatives.

SHEA BUTTER project

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