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THE SHEA BUTTER VALUE CHAIN

STUDY SYNTHESIS AND RECOMMENDATIONS FOR WATH

WATH Technical Report No. 1

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ACKNOWLEDGEMENTS AND PREFACE

Funded by West Africa Regional Project (USAID/WARP), through the General Business, Trade and Investment (GBTI) Indefinite Quantity Contract (IQC), and under the West Africa Trade Hub (WATH) contract #PCE-I-ABT-98-00014-00, this report forms part of an in-depth investigation of the shea sub-sector in West Africa as a promising product in which to invest WATH resources for export promotion.

This summary of shea butter in West Africa consists of reviews and compilations of three consultant reports (by P. Lovett, J. Addaquay and C. Stathacos), discussions between the three consultants and WATH AGOA Support Services Advisor Emily Miller, selective reading and consultation of web sites and a synthesis important findings and conclusions. It does not represent an exhaustive treatment of the topic, but rather an attempt to step back from the many issues and problems that affect the shea sub-sector in West Africa to ascertain a manageable role for WATH in promoting shea butter exports to the United States (US).

The enormous amount of work in the area of shea production in West Africa since the mid-1980s is impressive. Donors, non-governmental organizations (NGOs), both international and domestic, and national governments have actively researched and experimented with improved processing techniques, as well as better collection and post-harvest handling. The regional ProKarité Project, begun as a pilot project in Burkina Faso, Mali, Senegal and Niger in 2004, focused on developing international standards, improving quality and developing the capacity in West Africa to perform replicable laboratory tests, so as to classify and certify shea products for the international trade.

Given this important work already underway, where can WATH make a difference? WATH's expertise and comparative advantage lie downstream, moving quality products into the US market in particular. WATH's resources for investing in upgrading collection, post-harvest handling and processing of shea in rural production zones are limited, though WATH understands fully that one cannot export until high-quality products are ready for export. Nevertheless, the WATH approach to export promotion for the US market is "narrow and deep." WATH's ability to identify near export-ready or export-ready firms, producer groups or NGOs in West Africa, and to work with them to improve product presentation (packaging, labeling) and placement in the US market offers producers an excellent resource. Training and financial support for attending key US trade shows represents a key component of product positioning. WATH consummates export orders for West African firms and producer groups by assisting in the certification of quality, purity and the organic character of shea butter, to meet US buyer specifications, and to broker export finance. WATH also collaborates with key US importers to provide in-depth input to West African shea producers and technical assistance.

WATH also plans to consult with ProKarité, Action for Enterprise (AFE), Market Information Systems & Trade Organisations in West Africa (MISTOWA), TechnoServe (active in Ghana) and other projects to ensure better sharing and dissemination of information about shea butter production and processing projects, market information, US buyer contacts and requirements, as well as US import rules, regulations and procedures. This information clearinghouse function provides an information-sharing role for WATH. The bottom line, however, remains the need to show growth in exports to the US market. The Shea Network also serves this role on the production and processing side.

ACRONYMS

AFE	Action for Enterprise
AFTT	Africa Fast Track Trade (IESC)
AGOA	African Growth and Opportunity Act (of the US Congress)
APDF	African Project Development Facility
CECI	Centre canadien d'étude et de coopération internationale
CFC	Common Fund for Commodities (UN organization based in the Netherlands)
EU	European Union
EWV	EnterpriseWorks Worldwide
FOB	Free On Board
FY	Fiscal Year
GBTI	General Business, Trade and Investment IQC Contract
ICRAF	World Agroforestry Centre
IESC	International Executive Service Corps
IQC	Indefinite Quantity Contract (e.g., GBTI)
lbs	pounds (weight)
MISTOWA	Market Information Systems & Trade Organisations in West Africa (prime contractor is IFDC)
t	metric tonnes (1,000 kg or 2,205 lbs)
NGO	Non-governmental Organization
ProKarité	Projet d'appui technique à la filière karité
STTA	short-term technical assistance
UNCTAD	United Nations Conference on Trade and Development
US	United States of America
USAID	United States Agency for International Development
WAIBL	West African International Business Linkage Program (of USAID)
WARP	West African Regional Program of USAID
WATH	West Africa Trade Hub (of WARP/USAID)

1. INTRODUCTION

This paper summarizes selected findings from three reports completed for WATH on the shea sub-sector in West Africa (Lovett, 2004c), shea processing techniques (Addaquay, 2004) and US market opportunities for shea (Stathacos, 2004). It puts forth the perspective that WATH has a limited niche in sub-sector development efforts in West Africa—primarily to promote exports to the US market and encourage the taking advantage of AGOA preferences. WATH's comparative advantage focuses on trade, market opportunities and market intelligence, rather than on the production or processing activities that typically require more time and resources than are available to WATH. This being said, a West African firm, trader or producer group cannot export to the US market without technology, production practices and quality control – the very things that ensure a high-quality product or input to an agro-processing industry in the US in the first place. In other words, one cannot export without having access to high-quality products (final or intermediate).

This summary and set of recommendations do not do justice to the full set of issues and problem areas that need to be addressed to upgrade the shea sub-sector in West Africa. Peter Lovett describes in much more detail the chemistry of shea and shea processing, production and processing practices, promising technical innovations and the results of trials using some of these innovations in a set of papers summarizing work done for TechnoServe/Ghana (see Lovett, 2002a, 2002b, 2004a). In addition, *Opening Bottlenecks in the Africa Shea Butter Industry*, a paper prepared by Dr. Lovett for EnterpriseWorks Worldwide (EWW) in July 2004 (2004b), provides further information to the interested reader.

Importantly, the European Union (EU) market for shea butter exceeds that of the US market, as regulatory authorities allow shea butter as an ingredient in food products, particularly in confectionary products, such as biscuits and chocolates, but also in pastries, margarine and other products usually containing vegetable fat. Chocolate producers use shea butter as a substitute for cocoa butter (up to 5%) in their products. According to industry sources, the US will most likely not permit use of shea butter in chocolate manufacturing in the medium term or imports of European chocolate with any shea butter content. The US does not import shea butter as a source of vegetable oil for use in processed food products, although the Food and Drug Administration has evidently approved it for importation. Many competing types of vegetable oil (canola, peanut oil, sunflower seed oil, sesame oil, maize oil, cottonseed oil and coconut oil) already crowd the US market. Critics report that shea has a less desirable odor and color than other vegetable oils. As a result of these considerations, this summary focuses entirely on the potential for expanding West African exports of shea butter to the US for use in personal care products and cosmetics.

The author presents the following recommendations in the spirit of finding a delimited and workable niche for WATH. EnterpriseWorks Worldwide (EWW), ProKarité, International Development Research, Centre canadien d'étude et de coopération internationale (CECI), Action for Enterprise (AFE), and TechnoServe better address supply side constraints.

Table 1 (Lovett, 2004c) provides best guesstimates of shea production, domestic consumption and exports in sub-Saharan Africa, under a best-case scenario for each of the major shea-producing countries. This is why, when aggregated, shea exports total 263,100 metric tones (t), as opposed to industry export estimates of shea kernels (plus butter in dried shea kernel equivalent terms) that rarely exceed 150,000 t. Our comments below on the major WATH producing countries of Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria and Togo, should therefore be interpreted with caution; in any given year, not all the major shea-producing countries face bumper harvests and high export levels. Some observations, which are advanced tentatively given the approximate nature of the data, are as follows:

- Nearly half (48%) of the shea harvest in the major WATH producing countries remains uncollected or under-utilized. Providing stronger economic incentives to women collectors could expand available supply in the short run, though to what degree is unclear, given possible rural labor shortages during collection periods.
- The major WATH shea producing countries represent 81% of estimated production potential in sub-Saharan Africa, 94% of actual estimated shea collection and 91% of actual estimated utilization across all producing countries.
- In comparison, the estimated production potential of the eight minor WATH shea-producing countries is only 7.2% of the production of the major WATH countries. Estimated collections are only 3.0% (17,600 t) with exports being approximately 1.5% (4,010 t) of the estimated levels for the major producing countries. This may be an underestimation resulting from the limited knowledge of shea in countries not involved in the international trade.
- In the major WATH producing countries, domestic markets consume a little over half (55%) of the shea collected, leaving the rest for export.
- Of the 263,000 t of potentially exportable shea from major WATH producing countries, approximately 82.5% (217,000 t) remains in the form of shea kernels, with an estimated Free On Board (FOB) value of \$54.3-65.1 million (using \$250-300/ t). Since actual shea exports do not exceed 150,000 t per annum, the FOB value falls more likely in the \$37.5-45.0 million range.

Scope to expand exports of shea butter exists, if technical, quality and shipping constraints are resolved in a cost-competitive manner. The value per t of shea butter exceeds that for shea kernels, so that expanding shea butter exports can only contribute proportionally more to export earnings than greater levels of shea kernel exports.

Of the major WATH producing countries, collections represent the lowest proportion of estimated production in Côte d'Ivoire (27%) and Nigeria (40%), with the other producing countries equal or greater than 60% (with the exception of Burkina Faso at 50%). Domestic consumption as a proportion of total collections appears to be highest in Nigeria and Mali. Estimated exports exceed domestic consumption in Togo, where exports are 75% of total collections, Benin (70%), Côte d'Ivoire (62%) and Burkina Faso (53%). The factors driving these differences are unclear, though some hypotheses can be advanced.¹ Lovett's estimates of the proportions of exports in the forms of shea kernels

¹ Nigeria may have the lowest proportion of exports (relative to total collections), due to its very large domestic population consuming most of the shea produced. Discussions with regional traders suggested that a good proportion of the shea exported from Benin is of Nigerian origin. The estimate that Nigeria has the second lowest percentage of shea collections relative to potential output remains harder to explain; it may have to do with shea prices (and hence incentives to collect) or to labor constraints faced by Nigerian women. Côte d'Ivoire's low proportion of collections may be due to civil unrest, particularly in the

and shea butter in Table 1 prove quite striking. Benin, Burkina Faso, Mali and Nigeria export 93-100% of their shea as kernels. The shea butter processing industry is the least well-developed in those countries, though the reasons why remain unclear.² Togo (50%), Côte d'Ivoire (40%) and Ghana (25%) export significant proportions of shea butter, largely in bulk or crude form.

The implications of tentative conclusions from the guesstimated figures lead to ambiguity. In attempting to increase exports of shea butter from West Africa, WATH could concentrate efforts to improve shea butter quality and volume in Ghana, Togo and Côte d'Ivoire³, where an industry producing shea butter for export already exists. Presumably, virtually all the shea butter exports from these countries are bulk or crude shea butter, which is shipped to EU companies for further processing. The potential for moving processors in these countries from shippers of bulk shea butter to refined shea butter cloud the issue, since the required investments are steep. Addaquay estimates \$5-\$20 million for a processing plant, depending on the scale of operation.

Alternatively, one could argue that the four West African countries that export virtually no shea butter have greater potential to expand butter exports. Such an expansion could come from rural women's groups producing crude, pure unrefined shea, or from new investments in semi-industrial or industrial processing units, which do not appear to exist in those countries. Any new investments will take time to come on stream, however.

A third perspective is that WATH should identify leading women's groups that process shea kernels into butter and ensure that they receive technical assistance to improve their post-harvest handling, drying and processing methods so that they might produce higher-quality shea butter. While its comparative advantage does not lie on the production side, WATH recognizes that one needs an export-grade, high quality product in sufficient quantity before contemplating export to high-income markets. Working with women's groups on processing would promote exports of pure or organic shea, which could then be niche-marketed as high-end natural products or as inputs into formulation of such products sold on the US market.

northern half of the country where shea is produced. Leadership of Togo and Benin in collections and exports is probably due to their easier coastal access to sea transport and limited populations relative to collections. We don't yet understand the reason for Burkina Faso's greater exports than domestic consumption. Could it be based on proximity to Ghana, through which exports of shea kernels to the EU pass? More research on the key WATH domestic markets for shea products could provide more useful insights into shea collections, domestic utilization and exports.

² Given the high transport costs to coastal ports from landlocked Sahelian countries such as Mali and Burkina Faso, cost savings could be realized by shipped shea butter overland as opposed to shea kernels. Transport conditions and containers/drums for truck transport are inadequate, however, and tend to degrade shea butter over long hauls by truck.

³ The author mentions Côte d'Ivoire, because it already appears to have a processing industry. From a practical standpoint, however, there is little chance that WATH will be able to work productively in Côte d'Ivoire any time soon, given ongoing civil unrest and the accompanying disruption of business and trade.

Table 1: Best-Case Scenario Estimates of Shea Kernel Production and Utilization (metric tonnes per annum)

Country	Est. Total Potential Production ⁴	Est. Actual Collection	Estimated Consumption	Total Exports	Export as Shea kernels	Export as Shea Butter
Benin	80,000	50,000 ⁵	14,900	35,100	35,000	100
Burkina Faso	150,000	75,000	35,000	40,000	37,000	3,000
Cote d'Ivoire	150,000	40,000	15,000	25,000	15,000	10,000
Ghana	200,000	130,000	70,000	60,000	45,000	15,000
Mali	250,000	150,000	97,000	53,000	50,000	3,000
Nigeria	250,000	100,000	80,000 ⁶	20,000	20,000	0
Togo	50,000	40,000	10,000	30,000	15,000	15,000
WATH Major Exporters Sub-total	1,130,000	585,000	321,900	263,100	217,000	46,100
Gambia	100	0	0	0	0	0
Guinea Conakry	25,000	5,000	4,500	500	450	50
Guinea-Bissau	1,000	100	100	0	0	0
Niger	5,000	5,000	4,000	1,000	0	1,000 ⁷
Senegal	10,000	500	490	10	0	10
Sierra Leone	100	0	0	0	0	0
Cameroon	30,000	5,000	2,500	2,500	2,500	0
Chad	10,000	2,000	2,000	0	0	0
WATH Minor Exporters Sub-total	81,200	17,600	13,590	4,010	2,950	1,060
Ethiopia	1,000	100	100	0	0	0
Sudan	100,000	10,000	9,800	200	0	200
Uganda	70,000	6,000	5,900	100	0	100
Central African Republic (CAR)	15,000	2,500	2,500	0	0	0
Dem. Republic of Congo (DRC)	5,000	750	750	0	0	0
Not WATH Sub-total	191,000	19,350	19,050	300	0	300

⁴ The figures above represent estimates from Dr. Lovett's observations (since not all African countries collect detailed or reliable data) that give an approximate order of magnitude for maximum annual production, collection and export figures given as standard t of dry kernel per annum. To convert into fresh shea nuts multiply by 35-40% and to convert to actual butter quantities divide kernel weight by 33% (latter is dependent on extraction method and quality of kernel – empirically determined figures range from 20-45%).

⁵ Includes an estimated 10,000 t imported from Nigeria, also included as exported to Benin in Nigerian figures, therefore, this quantity is double counted in total exports

⁶ Includes traditional consumption and mechanically processed in vegetable oil industry

⁷ Exported to Nigeria for traditional consumption

2. DEMAND FOR SHEA IN THE US MARKET FOR PERSONAL CARE PRODUCTS

Shea butter represents only a minor ingredient in personal care products in the United States, but demand for it grows rapidly each year. Current imports probably account for 500+ t into the US and between 2,500 and 5,000 t per year worldwide.⁸ One can easily envisage imports increasing two-fold in a relatively short time span (3-4 years) with a package of technical assistance, targeted marketing efforts and development of strong links between suppliers and US buyers. At a level of 10,000 t per annum, the FOB value of exports could expand from a current estimate of probably about \$2.5-5 million⁹ to \$10-12 million, a significant expansion. This assumes an improvement in the quality of exported shea butter, and hence higher dollar value per t, as well as a significant quantity increase. Far more value would be added in West Africa, as much of the shea butter imported into the US comes from EU processors, who import shea kernels from West Africa and add value through transformation.

Numerous companies pitch shea's virtuous characteristics as an ingredient in skin care products. As Lovett (2004c) notes:

“The main reason for this growing interest in the use of shea butter in the personal care market is the recognition by the cosmetics industry (and its consumers) of the presence of a significant fraction of unsaponifiables (3-12%) that includes a number of chemicals credited with a range of therapeutic benefits including Ultra Violet protection, moisturizing, regenerative, anti-eczema and anti-wrinkle properties. Growth of shea use in the cosmetics industry has been the relatively recent recognition by the US market of growing consumer interest in and demand for shea butter.”

Hence, WATH needs to do very little to promote shea awareness in the US market. Consumers are increasingly aware of the skin-protecting properties of shea butter, and demand for cosmetics containing shea butter is rising steadily. US importers of high-quality shea butter are poised to import greater volumes of shea butter to meet this increasing demand. As the niches for pure shea and organic shea develop in the US market, demand for imported shea butter will further rise

⁸ Peter Lovett and Charles Stathacos (personal communications) note that there are no good sources of data (other than the importers themselves) for US imports of shea butter. US importers tend to be tight-lipped about the quantities they buy and sell, as well as about sources of shea, the proportion of shea in their products, and import prices of source material. Lovett says that the likely range for US imports is 2,500 to 8,000 t per annum. Others suggest a lower range: 500-2,500 t/year. Notably, much of this shea butter imported into the US comes from EU-based processors.

⁹ This assumes a per ton cost for shea butter of \$1,000, which may be a low estimate, considering that much of the shea butter imported into the US comes from EU processors. However, total export revenues to West African countries are lower, as exports of shea kernels, at about \$250-350/ t, predominate over shea butter exports at this point.

Import volume will further expand with increased use of pure shea or products with high proportions of shea butter.

Notably, the industrial processors of shea kernels, who ship refined shea butter to the US, are located mainly in Europe.¹⁰ Most US importers are unlikely to invest in shea processing, either in West Africa or the US, while they can conveniently source shea from EU processors. In the short run, US wholesalers will remain importers of shea butter rather than shea kernels for processing into shea butter in the US. However, West African producer groups and processors have an excellent market opportunity to export shea butter to the US market, if they can produce consistently high quality, uniform shea butter in sufficiently large quantities, attaining *Quality @ Quantity* (see Lovett, 2004c). In the process, West Africa would add value to shea exports, as most current exports of shea are primarily lower-value shea kernels.

Research at the Natural Product Expo East in mid-October 2004 revealed a number of interesting insights.

- Nearly half of 15 surveyed companies¹¹ with shea products sell 100% pure shea butter products.
- Many others use shea in unspecified proportions.
- Shea butter is a sought-after ingredient by customers of these vendors.
- Some vendors sell organic unrefined (minimally processed) shea butter at premium prices.
- Consistency and quality of shea butter require working closely with suppliers, which tend to be women's groups in villages.

Shea butter qualifies as a high-value product and commands high prices at both the wholesale and retail levels in the US market. Wholesale prices are quoted at \$3 per lb. or more. Retail prices tend to be significant multiples of this. For example, a 100% Pure Shea Butter product sold by L'Occitane retails for \$114/lb. (actually \$35 for 4.9 oz.).

¹⁰ Aarhus United in Denmark, Lodders Kralaan in Holland, and Karlsham in Sweden are located in Europe. Fuji Oils is based in Japan.

¹¹ Note that the Abt survey was not a random sample drawn from a list frame of all the firms that attended the conference and sell products with some shea content.

3. POST-HARVEST HANDLING AND PROCESSING METHODS

3.1 Collection, Post-Harvest Handling and Artisanal Processing

According to Addaquay (2004), approximately 60,000 t of the 230,000 t of shea kernels not exported are converted into crude shea butter, half of which then leaves as export. Rural-based women, using manual traditional methods, process about 60% of all the crude butter produced in West Africa (at an extraction rate that averages 33%).¹² Based on this assertion, we estimate that about 30,000 t of artisanally processed shea butter remains within West Africa, while at least 6,000 t are exported.

In order for West African producers to export high-quality shea butter, methods of collection and storage of nuts must improve. Rural women collect shea nuts over the months of June through October, probably fitting this activity in around other farm and non-farm demands. After carrying the nuts back to their compounds by headload, the women pile the nuts inside farm compounds. This raises heat and humidity levels, making drying difficult and speeding up undesired chemical processes and degradation. The shea nuts are boiled in locally obtained water that contains contaminants such as iron from lateritic soils and insects. Excessive boiling can result in cellular damage that may cause fungal infections, leading to discoloration of the shea nuts. The first drying is typically done under conditions of high humidity and poor hygiene. De-husking of the nuts to obtain the shea kernels, a slow and laborious process done manually, proves to be a drain on farm labor. The usual second drying, done over ovens, can lead to high levels of hydrocarbon formation that the EU market does not tolerate. Additionally, following this second drying, kernels may be stored in less than ideal conditions.

To address these problems, economic incentives must be provided. The West African market for shea kernels, largely an undifferentiated market, does not reward women who use improved practices to produce high-quality kernels. Increasing the value added by processing shea kernels into butter would be the likely necessary incentive to encourage women to control more rigorously for quality. Higher-quality shea butter should command a premium—moderate in regional urban markets and significant in the US—enabling West African women to undermine the market power of oligopolistic trading networks dominated by men. For this to happen, women's groups must supply a consistently high-quality product.

¹² Lovett notes that conversion rates from dry shea kernels to butter reached 35-40% in Northern Ghana when women's groups used better kernels using traditional extraction methods.

ProKarité plans to address issues of shea butter quality and certification in four pilot countries: Burkina Faso, Mali, Senegal and Niger. ProKarité is focusing on important gaps along the supply chain, by looking at product origin, quality and related issues, including processing methods and dates. ProKarité will also seek to harmonize methods of laboratory analysis and key tested parameters, as well as set up a product certification system, which will facilitate traceability of regional shea sources.

There are a number of international and domestic NGOs and donor-funded projects working to improve shea nut collection, drying and rural processing in selected countries in West Africa. Several notable ones include:

- TechnoServe in Northern Ghana
- Action for Enterprise (AFE) in Mali
- Centre canadien d'étude et de coopération internationale (CECI) in Burkina Faso
- Projet d'appui aux filières bio-alimentaires, implemented by three Canadian organizations, in Burkina Faso

Room for significant improvement in shea harvesting and processing exists. Post-harvest handling and artisanal processing of shea butter by women's groups have improved in some areas of West Africa, but problems in quality and consistency persist. Although WATH does not have a comparative advantage in improving collection and post-harvest handling of shea nuts, it could encourage improvements in shea nut quality, as well as quantity, upstream by supplying women's groups and selected semi-industrial processors with information on improved processing techniques.

One way to address this need would be to produce a videotape in both English and French that addresses upstream problems and shows how poor practices can undercut the ability of processors to produce higher quality shea butter. A second videotape would target processors, initially women's groups or small-scale enterprises which use artisanal or partially mechanized methods. These videotapes could aim primarily at WATH collaborators in a limited number of West African countries. WATH could also distribute them to interested women's groups and entrepreneurs in West Africa, in cooperation with ProKarité and the Shea Network, at low marginal cost. A more economical alternative would be a shea CD with digital photographs showing poor vs. recommended practices at the various steps in the value chain.

Clearly, WATH needs to liaise with key NGOs, donor- and West African government-funded projects when undertaking any projects that address the production, post-harvest handling methods, and processing of shea butter. ProKarité, in particular, must be consulted on any videotapes or CDs produced by WATH, and ideally, the products of both projects should be produced jointly.

3.2 Processing on a Semi-Industrial or Industrial Scale

According to J. Addaquay (2004), there is an increase of mechanized processing in West Africa, and Table 2 shows estimates of the processing capacity of processing plants in the sub-region. Mechanized processing yields 30-35% of shea butter from dried kernels in West Africa. Higher extraction rates are obtained using acetone or hexane as solvents, but solvent use raises fears of potential carcinogens being retained in the processed butter. Together the processing plants listed below have the capacity to convert 162,000 t of kernels into about 50,000 t of shea butter, at an extraction rate of 31%. According to Addaquay (2004), most of the West African plants produce at levels less than 25% of their installed capacity. Many operate for no more than 6 months of the year, due to the high cost of storing raw shea kernels throughout the year.

Table 2: Potential Shea Nut Processing in West Africa (t/year)

Country	Processing Plant	Installed Capacity (t)	Capacity Utilization (t)	Capacity Utilization (%)
Mali	Huicoma	25,000	6,000	24%
	Sika	25,000	6,000	24%
Burkina Faso	Citec	15,000	3,750	25%
	Sofib	15,000	3,750	25%
Togo	Nioto	15,000	3,750	25%
Ivory Coast	Trituraf	10,000	2,500	25%
Ghana	West African Mills	10,000	2,500	25%
	Juaben Oil Mills	12,000	6,000	50%
	The Pure Company ('05)	10,000	0	0%
	Ed Oils	5,000	500	10%
	Bosbel Oil Processing	5,000	500	10%
Benin	Sinocog Bohicon	10,000	2,500	25%
	Sonicog Cononou	5,000	1,000	20%
TOTAL		162,000	38,750	24%

Source: Addaquay (2004), who drew from TechnoServe (Ghana) reports, industry contacts by the consultant, and the *Communiqué de Presse* of the Embassies of Burkina Faso and Mali, September 2004.

Note: Preliminary estimates are rough and should be treated with caution. Lovett notes that the Savelugu mill (Sheaba) is not included in this table, while Juaben may produce far less shea butter than the quantity indicated in the table. Quantity reflects metric tons of dry kernel.

WATH does not intend to collaborate closely with semi-industrial and industrial scale shea processors in West Africa, although J. Addaquay thinks that donor support could help these processors upgrade and expand their operations.¹³ These vegetable oil processing plants typically produce bulk or semi-refined shea for export to the EU food (vegetable fat) market. While EU processing occurs under ultra-hygienic conditions with proper temperature, humidity and quality controls, critics argue that EU industrial processing, which uses solvent extraction, destroys some of the most desirable, skin-preserving chemical properties of shea butter. WATH's focus on the personal care products and cosmetic markets can successfully support West African industrial processors, but the processors themselves must seek out and utilize information or advice from WATH and other sources about how to target the US market for cosmetic and personal care products.

Finally, even though many US buyers of shea import largely from EU processors, there is the possibility for West African processors of shea kernels to produce high-enough quality shea butter

¹³ Given the expanding scale of semi-industrial and industrial processing, Addaquay recommends investment in a plant within West Africa that could take the crude shea butter and refine it further using solvent extraction technology. This investment would require at least \$5 million, a significant sum of capital for thin West African financial markets. Such an investment would be a major agribusiness venture that should first be subject to a rigorous feasibility study. Important questions to ask are: whether a foreign co-investor could be attracted to the project, could a financial risk mitigation program, such as DCA be tapped, and whether a refinery in West Africa could compete with established shea processors in Europe and Japan, given high costs of capital, energy (especially electricity), imported machinery, and ventilation, temperature and humidity control equipment. Perhaps the African Project Development Facility (APDF) could be approached for assistance in doing selected feasibility studies.

for export directly to the US market, as unrefined yet pure (and generally organic) shea butter. Market research at the Natural Product Expo East trade show revealed that nearly half of the vendors sell pure, unrefined shea butter. An internet search also showed that numerous companies advertise pure, unrefined shea butter as a skin-protector, superior to refined shea that has been subject to solvent extraction.

4. REGIONAL MARKET FOR SHEA BUTTER

Producing and selling successfully to the domestic market should ideally precede exporting to high-income, industrial countries' markets. Until this occurs, agriculturally based sub-sectors in developing countries cannot develop into internationally competitive sub-sectors. The 'domestic market' typically comprises retail chains, wholesale traders who supply large institutions, hotels, restaurants and other food service establishments. Higher income consumers, the ultimate consumers in the domestic market, can afford to pay for higher-cost agriculturally based products. In the case of shea butter in West Africa, the domestic market actually includes a regional market with a number of large urban areas as the centers of effective demand¹⁴: Accra, Abidjan, Abuja, Dakar, Bamako, Ouagadougou, Lomé, Cotonou, Lagos, Ibadan, Onitsha, Kano, Nouakchott, Banjul, Niamey, Conakry, among others. Secondary cities, such as Kumasi, Tamale, Bouaké, Maradi, Kaolack, Ségou and Bobo-Dioulasso also represent important demand poles for significant quantities of shea butter.

The extent to which the regional market for shea butter in West Africa offers short- to medium-run opportunities to processors or women's groups to improve their processing techniques and product quality has not been systematically explored. Much of the shea butter produced in West Africa remains in the region where it is produced and processed artisanally. The quantities reaching major urban markets are unknown. The higher-income urban market for shea products in West Africa might be a potential market for shea butter or personal care products containing shea. US or EU standards do not apply to the local packaging and labeling of products produced within West Africa. The regional market offers, however, a testing ground for personal care products containing shea, where suppliers could experiment with alternative formulations, packaging, labels and promotional efforts.

Some local producers are already processing, blending and packaging shea in skin creams and soaps in urban shops. Addaquay (2004) reports that crude shea butter, processed in the region, is sold as food oil and also as skin cream. He further estimates that the seven leading West African shea-producing countries consume about 30,000 t of shea butter domestically. Breakdowns by type of utilization (food oil, retailed personal care products in urban markets, skin care products in production zones) are not currently available.

¹⁴ Effective demand signifies consumer demand backed up by adequate purchasing power. Well-off and middle-income consumers tend to be more concentrated in large urban markets in West Africa than in rural production zones and small towns in such zones.

WATH can contribute in a modest way to further research on the regional market for shea, paying particular attention to shea butter products, pricing, demand and retail outlets in selected urban centers.¹⁵ This could begin in Accra, Kumasi, Lomé, Bamako and Dakar, where WATH has staff, easy access or good contacts. MISTOWA, like other projects that focus exclusively on shea, is better able to concentrate resources on the regional market.

5. WATH PRIORITIES FOR SHEA

As a USAID project funded under the Trade for African Development and Enterprise initiative, WATH's comparative advantage lies in working on export opportunities, particularly to the US market. WATH assistance to the shea sub-sector in West Africa could involve one or more of the following activities during Fiscal Year (FY) 05 and beyond.

Best Bet Activities with Potential for Modest (though relatively rapid) Returns describe activities best implemented at the 'retail' level in the next year or two, with limited WATH technical assistance and training.

- 1) Co-fund the participation of leading producers of shea butter retail products, representatives of selected West African women's groups, as well as several industrial shea processors, in US trade shows, such as the:
 - Natural Products Expo West (March 2005)
 - New York Society for Cosmetic Chemists Suppliers' Day 2005 (May 2005)
 - Health and Beauty America (September 2005)
 - Natural Products Expo East (September 2005)

This participation would help sellers gain a better understanding of the US market, buyer requirements and consumer preferences. Before attending any shows, West African participants would receive training, allowing them to take fuller advantage of trade show opportunities.¹⁶ Some participants would initially attend as observers rather than exhibitors.

- 2) Develop a data base of interested shea importers and buyers in the US that could be downloaded from the WATH website and used by potential West African exporters of retail and wholesale shea products. At a minimum, the data base would include complete contact

¹⁵ Research on the regional market for shea butter would help answer the question of whether shea is being marketed and promoted within major urban centers in W. Africa. Can demand for shea butter-based beauty products be stimulated among higher-income West African consumers and provide information about how shea products can be internationally marketed?

¹⁶ This training would cover product presentation (verbal and written sales pitches), procedures for contacting prospective buyers before trade shows, types of information buyers tend to ask for and how to provide it, product display in a trade show, how to field questions from a prospective buyer, and following-up on contacts made with prospective buyers at trade shows. Packaging and labeling issues must be seriously addressed before some companies display their products at trade shows in the US.

information, information about specific products companies wish to source, and desired quantities/specifications.

- 3) Liaise with other major shea-focused projects or projects in West Africa, and share information and products.¹⁷

Activities, Requiring Longer-Term WATH Investment with Potential for Higher Returns would target the ‘wholesale’ market for raw, pure or organic shea butter.

- 1) Assist US importers to source shea butter and expand imports directly from West Africa as opposed to through Europe. The target would be to double their imports from an estimated 2,500 t per annum to 5,000 or more tons over a 3-4 year period. Selected American importers and wholesale trading companies could also be encouraged to co-invest with West African entrepreneurs or women’s groups and provide technical assistance and improved access to markets.
- 2) Identify selected women’s groups in West Africa who could benefit from focused technical assistance in processing, storage, packing and shipping of unrefined shea butter. Other projects have a stronger capacity to focus on the steps leading from shea nut collection to processing.

Any work on actual shea production falls outside the scope of WATH’s manageable interest. WATH applauds and encourages projects or research on the supply side to identify and classify shea production zones (based on varietal type, soils, rainfall patterns or other), where shea trees produce nuts with the most desirable set of characteristics. Work, by ProKarité and others in recent years, has led to better classification and understanding of the characteristics of different shea varieties. Such efforts focus technical assistance and training efforts geographically to a circumscribed set of countries.¹⁸

¹⁷ Products include videotapes, photographs, PowerPoint presentations, brochures/manuals, technical papers, training materials and samples of shea butter in containers and packaging.

¹⁸ Shea kernels with a higher content of stearin come from Ghana, Burkina Faso, northern Togo and Benin and western Mali. Shea kernels with a higher content of unsaponifiables come from Nigeria, Senegal and other countries, which do not currently export shea kernels. Shea in these countries is under-exploited for the international market for cosmetics and personal care products (personal communication, Peter Lovett).

6. ACTION PLAN FOR PROMOTING SHEA BUTTER EXPORTS

The WATH strategy focuses on four activity areas - strengthening export capacity, providing information outreach, building business-to-business linkages and facilitating trade. The WATH work plan for FY 2005 lays out discrete tasks and a series of Gantt charts for promoting exports of shea butter to the US. Given a more protracted analysis and planning phase than originally anticipated, dates have been shifted back at least a couple months.

Firstly, WATH will **strengthen export capacity** by identifying export-ready or nearly export-ready firms and provide them with focused technical assistance for the processing, packaging and marketing of their products. WATH advisors will organize producer participation in a regional workshop on shea product certification, co-sponsor their attendance at a US trade show and accompany them to the trade show. Once there, advisors will provide coaching and assistance in exhibiting their products and dealing with prospective buyers. A good example of an export-ready West African natural products company is Natura SARL in Benin (See text box on next page). In order to achieve a critical mass of export volume, WATH will work with IFDC (International Center for Soil Fertility and Agricultural Development), TechnoServe, AFE, ProKarité and other organizations to create regional supply chains. This task, as well as facilitating export certification, could take a couple years to implement fully.

Information outreach activities would focus on the production of videotapes on best practices in quality control, targeted to producers, and accessing markets, targeted to traders and exporters. WATH would work with MISTOWA to include a shea market information component in their regional Market Information System and provide periodically updated information on shea, as well as other priority commodities and products, on CD. These would be distributed through the African Growth and Opportunity Act Resource Centers in a dozen WATH countries. Development of a training video on best practices in production could be reserved for FY 2006 after other key tasks are completed or well underway. Ideally, a project or organization which focuses on supply-side constraints facing the shea sub-sector would produce and distribute such a video, given that WATH's comparative advantage lies in linking export-ready processors and exporters to the US market.

WATH's efforts to improve market information on shea butter, and, secondarily, on shea kernels, should concentrate on a limited number of countries (e.g., Ghana, Burkina Faso, Benin and Mali) during June-October, the most important months of the shea collection, post-harvest handling and wholesale assembly period. Any WATH support should be limited to an advisory role. Staff should assist in the definition of data collection methods for shea products, collection points, periodicity of data collection and data reporting practices. Improved information could contribute to a better understanding of prices at different levels of the marketing system (farmgate, rural collection points,

wholesale, FOB)¹⁹ and marketing costs in assembling and transporting shea kernels. MISTOWA is well-placed to coordinate data collection and analysis of shea kernel prices and marketing costs on a regional level, while WATH would provide input on how to best handle shea butter. Additionally, a sound strategy is to promote pure shea butter products of West African origin, or products with high shea content. The use of various levels of meaningful product differentiations could then serve as the basis for developing a West African quality seal of approval for the shea butter industry. Developing a seal of approval perhaps falls more within ProKarité's scope, which includes developing a certification-cum-classification system.

Profile of an Export-Ready Firm: Natura SARL, Benin

Natura SARL produces and exports shea products and anticipates exporting \$85,000 to the West African markets of Senegal, Niger and Togo, Germany, the US and a handful of other destinations in 2004. The firm has aggressive expansion plans and hopes to ship \$1 million worth of shea products within five years, half of which would go to high-income markets.

WATH identified Natura SARL as a promising shea processor and shipper in Benin, where it was poised to export products to the US market. The managing director spent ten days in the US in October 2004 preparing for the Natural Products Expo East trade show. He attended the show, held in Washington, D.C. on 15-17 October, and followed up with visits to potential US partners in the Capital Area.

Under the guidance of Ms. Traoré, a successful Malian-American businesswoman, the managing director saw how competitors displayed, packaged and presented products containing shea, including skin creams, soaps, cosmetics, and shampoos. He also participated in productive meetings with prospective importers and co-investors, including well-established African-American businessmen who have sourced, formulated and sold shea-based products for a number of years. International Executive Service Corps (IESC) will provide a volunteer expert to further work with the firm's managing director.

While this type of donor-funded export facilitation service may appear costly and labor-intensive at first, it has the potential to yield handsome dividends down the road, especially in terms of expanded sales to the US market and potential US co-investment. WATH seeks out and supports leading small- and medium-scale enterprises in West Africa that are ready to expand exports to the US and other high-income markets. Targeting technical assistance, selective training and partly funded travel to major US trade shows will accelerate exports of West African products to the US. West African firms will not necessarily expand their exports to the US in the short- to medium-run without a catalyst like WATH, IESC's Africa Fast Track Trade (AFTT) or West African International Business Linkage Program of USAID (WAIBL). Working in concert, these well-conceived US programs can make a difference and bring leading West African firms into competitive international markets more quickly. Successful expansion of exports by one firm will also have a positive demonstration effect for other prospective exporters.

¹⁹ See ANNEX 2 for some information about CIF prices on shea kernels (landed in Western Europe) for shea kernels shipped from West Africa.

Table 3: Work Plan Component 3, AGOA Export Business Development, Shea Sub-sector/Shea Butter Sub-Component

Activities	Countries	Potential Partners	Schedule												Output
			2004			2005						2006			
			Q1			Q2			Q3			Q4			
			O	N	D	J	F	M	A	M	J	J	A	S	
<i>Strengthening Export Capacity</i>															
ID export-ready & nearly-ready firms	BE,BF,GH,MA,NG													Resource allocation tool	
STTA: <i>packaging & marketing</i> . Natura, Burk Assn	BE,BF	AFTT												Technical assistance	
Develop & distribute training video: <i>QC best practices in production</i> (for producers) (Fr, Eng)	BE,BF,GH,MA,NG	WATH STTA												Product, training	
Participate <i>Consultative Regional Workshop on shea product certification system</i>	<i>tbd</i>	ICRAF-Sahel, CFC												Regional conference participation	
Co-sponsor nearly-ready firms to <i>observe</i> trade show	BE,BF	WAIBL, AFTT												Training provided	
Facilitate certification of export-ready bulk product	BE,BF													Certification facilitated	
Create regional supply chain links for critical mass	BE,BF,GH,MA,NG	IFDC, WATH STTA												Supply chain linkages	
Create & maintain a data base of bulk producers, wholesalers, exporters in West Africa	BE,BF,GH,MA,NG	AFE, ProKarité, Shea Network												Data base, accessible via WATH website	
<i>Providing Information Outreach</i>															
Participate <i>Consultative Regional Workshop on shea product certification</i> for onward dissemination of info	<i>tbd</i>	ICRAF-Sahel, CFC												Regional conference participation	
Provide input to MISTOWA developers	<i>tbd</i>	MISTOWA												Technical assistance	
Analyze available market data on shea sub-sector	<i>tbd</i>	MISTOWA												Brief technical report	
Develop & distribute video & guide: <i>market access</i> (for traders & exporters) (Fr, Eng)	All shea countries	WATH STTA, ARCs, NGOs												Product, training	
Develop & distribute training video: <i>Quality Control best practices</i> (for producers) (Fr, Eng) (tentative)	All shea countries	WATH STTA												Product, training	
Update & distribute ARC databank on CD (<i>shea info</i>)	All 20	ARCs												Product	
<i>Building Business-to-Business Linkages</i>															
Identify potential buyers	In US market	WATH STTA												Resource allocation tool	
Create & maintain a data base of importers & buyers in the US	BE,BF,GH,MA,NG	AFE, ProKarité, Shea Network												Data base, accessible via WATH website	
Co-sponsor export-ready businesses to trade show	BE,BF,GH	WAIBL, AFTT												Market links	
Subsidize / coordinate buyer / investor trips	BE,BF,GH,MA	WAIBL, AFTT, local consulting firms												Market links, buyer & investor trade missions	
<i>Facilitating Trade through Finance</i>															
Facilitate prequalification & fast-tracking of WATH clients for greater access to business financing	GH,MA, (others as available)	USAID-DCA, WAIBL, AFTT												Export financing prequel facilitated	
Co-fund financial audits of WATH high priority clients seeking export financing	Wherever identified													Export financing prequel facilitated	

One prospective shea butter exporter (See text box on page 14) attended a trade show in the US in October 2004 mainly for observational purposes. This will be followed up by attendance of the most export-ready West African companies at another trade show in April 2004 with samples of shea butter products; the objective of attending this second show will be to display shea products, interact face-to-face with buyers and obtain export orders.²⁰

As part of the export strengthening and business-to-business linkages components, WATH plans to build a database of West African bulk producers, wholesalers and exporters of shea butter, as well as US importers & buyers. The creation and maintenance of this database could also be included in the second component. Information outreach activities and contact information about each firm, as well as limited, non-proprietary information, can be put on the WATH web site.

Additionally, focused research on the regional market for shea butter would also generate better information on prices, costs and margins for processed shea butter within West Africa. WATH could compare wholesale and retail shea butter prices in West Africa and the US market, which would clearly demonstrate the potential benefits of exporting to the US. Research must include input from WATH field staff (in Dakar and possibly Abuja or Ouagadougou), WATH/Accra staff on travel within the region, MISTOWA and other technical sources. Such research will indicate the scale of consumption of shea butter in West African urban markets, but not represent an exhaustive inquiry.

A third set of activities, under **building business-to-business linkages**, will concentrate on the identification of potential US buyers of shea butter, as well as the coordination of and subsidization of visits by US buyers and prospective investors to West Africa. Two US companies, the Fanning Corporation and Vermont Soap Works, have already been identified as leading prospects, and a proposal exists to bring at least one of these companies to West Africa in early 2005 to participate in a regional training workshop on exporting to the US market with shea butter processors and exporters. WATH will also develop a database of US importers and distributors of shea butter products; contact information will be made available on the WATH website.

Like WAIBL, WATH could bring key managers and technicians from the Fanning Corporation, Vermont Soap Works and other US-based companies to West Africa for discussions about: a) US buyer specifications for imported shea butter, b) the export marketing mechanics of getting products into the US and c) opportunities for co-investment with West African producer groups or processors in order to upgrade processing techniques and facilities. A few US-based companies currently source shea butter from West African women's groups and distribute it as pure or organic shea butter. Others collect shea kernels in West Africa for shipment to the EU for further refining.

A final set of activities under **facilitating trade** focuses on assisting export-ready or near export-ready shea butter suppliers in gaining better access to business and trade finance. This would be accomplished by working closely with Development Credit Authority financial guarantee programs in selected USAID-presence West Africa countries, as well as with WAIBL and AFTT. WATH may also co-fund financial audits of at least some West African shea butter exporting companies, in order to strengthen their ability to obtain export finance. (Note that WATH already funds these audits for selected apparel exporters in West Africa).

²⁰ Note that one or more participants in the March 2005 trade show will attend largely for observational purposes, as their products may not be fully ready for display (due primarily to packaging and labeling issues).

The most appealing strategy for facilitating trade is two-pronged. The first prong would emphasize developing immediate linkages to US buyers of shea butter in both retail form and as bulk or crude shea for the wholesale market. The second prong would be to strengthen the shea sub-sector in West Africa through selective training, technical assistance and support to firms or producer groups needing to obtain finance. WATH would design the technical support to enhance the quality of shea kernels destined for export, as well as to improve post-harvest handling and processing methods, thereby yielding higher-quality shea butter for export.

Although initial results may be quite modest, the above sets of well-conceived and well-integrated tasks will surely contribute to expanded exports of higher-quality shea butter from West Africa to the US market within 2-3 years.

7. AGENDA FOR FURTHER RESEARCH

Reviewing the three consultants' papers to prepare a cogent synthesis which lays out next steps for WATH has raised almost as many questions as the exercise has answered. Key areas for further investigation that fall within WATH's manageable interest are:

- The characteristics of the regional urban market for shea butter: What quantities of shea butter do different groups in West Africa consume? What is the potential for expanded consumption of shea butter as a food ingredient and in the personal care products market? In which cities are key demand poles for shea butter located? Are any obvious opportunities not being tapped? Is there scope for promoting expanded intra-regional trade in West Africa in shea butter?
- A more thorough documentation of prices, processing costs and marketing costs in the shea sub-sector, going from kernel collection to importation of shea butter into the US. It remains unclear whether there are strong economic incentives to expand shea butter processing in West Africa. One would also question whether women's groups or private entrepreneurs can make significant investments to improve quality, which could be recouped in a reasonable time frame.
- Financing of shea butter exports: Being that shea is a fragile and perishable processed product, how will increased export orders be financed and insured? Do any donors or projects attempt to develop sustainable trade finance mechanisms? Obtaining export orders differs greatly from fulfilling those orders in a timely manner and meeting all buyer specifications. Finance could well be a major constraint to expanding shea butter exports from West Africa.
- Better, more accurate information on the depth of the US market for shea butter, including imported quantities, values (FOB and wholesale) and projections of buyer need. Import volume information could be obtained by periodically interviewing major wholesalers and importers in the US²¹. Prices (CIF) must likely be obtained from West African shippers.
- An up-to-date inventory of how other projects, NGOs, donors and national governments promote shea and shea butter production in West Africa. This would include their objectives and funding mechanisms, such as foreign vs. domestic components, beneficiaries/members and results achieved over several years.

As an economist, this writer sees it as important to do more detailed economic analysis of prices, costs and margins in the shea value chain. Underlying improvements in post-harvest

²¹ Most shea importers and wholesalers of finished products with shea content are very reluctant to reveal information on sales. It may be possible to obtain information on projected shea butter purchases from some US companies. This issue must be handled carefully and presented to firms as a way to promote interest in and knowledge of shea-based products in the US. Additionally, that information collected on individual company purchasing intentions must be treated confidentially and not shared with competitors or suppliers.

handling, drying and rural processing of shea, the question must be asked: Do strong enough economic incentives exist for rural women and enterprises? Incentives would allow them to invest in better equipment and techniques and to take greater care in assuring quality at every step in the post-harvest and transformation process. At first glance, the returns to preparing top-quality shea butter in West Africa appear modest, considering the necessary investments and greater labor/management requirements that women's groups will face. Given shea kernel to shea butter conversion ratios of 0.25 to 0.4, it would appear that wholesale prices for shea butter must be a multiple of 2.5-4 of shea kernel prices in order for labor-intensive processing to be economically viable.²² Based on a review of several sources, export prices for kernels were clustered in the \$250-350 per t range from 1999 to 2002, and shea butter prices have been quoted largely in the \$1000-1500/t range. This provides a large enough gross margin for rural processors' to make costly investments, though the 'data' available are sketchy, and there is a lack of time series of export volumes and prices or producer/ex-processor prices for the past 4-5 years.

Sensitivity analysis of the role investments play might increase the levels of exports of kernels and butter, and therefore higher prices. This analysis could prove very useful in Mali, where AFE is working closely with shea producers, processors and traders, and in Northern Ghana, where TechnoServe and WATH could collaborate. ProKarité might consider expanding this analysis to other countries, such as Burkina Faso. Furthermore, development of a standardized spreadsheet template or model would be useful for cross-country comparisons.

²² This simple calculus does not take into account processing costs or the value of by-products of shea processing.

8. CONCLUSION AND RECOMMENDATIONS

WATH identified shea as a priority sub-sector for further investigation in early 2004, along with textiles and apparel, frozen fish and cashews. Analytical work on the viability of WATH investment of significant project resources into the promotion of exports to the US has proceeded at varying paces, so we cannot complete a comparative analysis across commodities at this point. Work on shea has proceeded the farthest; the demand for shea grows daily, largely because of its use in cosmetic and personal care products in the US.

WATH recognizes the potential to increase exports of pure/crude shea butter, which can be conditioned and packed in well-labeled, attractive containers for wholesale distribution to numerous US sales outlets. Whether there exists scope for larger-scale shipments of bulk/semi-refined shea butter, produced by industrial or semi-industrial plants in West Africa, remains unclear.

WATH's investigations to date place the preparation of sellers of 'retail' products for US trade shows as a top priority and create the opportunity for intensive interactions with prospective buyers in the US. Co-funded trips to the United States by qualified sellers of shea products should include visits to selected wholesale distributors, some of whom may consider co-investing in improved processing techniques and facilities. WATH would also encourage US importers of shea butter to visit promising West African partners with WATH staff providing assistance in arranging meetings and visits to processing sites.

If WATH successfully achieves at least modest results with these activities, it could consider shifting its attention to identifying and working with selected West African sellers of 'wholesale' shea butter products. This will involve considerably more field work, unless other projects and NGOs can refer leading candidates to WATH. Additionally, WATH should collaborate with other projects and NGOs working on shea butter in the region in any activities aimed at upgrading processing. *Prima facie*, WATH has no comparative advantage to work upstream on production or processing issues.

WATH should invest resources in the creation of a database listing major US shea butter buyers. A working relationship with MISTOWA should also be established to explore opportunities for collecting and reporting market information on shea kernels and butter. Selected interviews and visits to shea butter sellers in a limited number of West African cities and towns would provide more insight into the regional market for shea. Although the *Shea Network* is best placed to be the regional clearinghouse for information on shea, WATH can share ideas and resources with this network to improve and expand content.

ANNEX 1 SELECTED INGREDIENT SUPPLIERS PRODUCTS

Companies Surveyed at the Natural Product Expo East Washington, D.C. October 15-17, 2004

- Aubrey Organics
- Avalon Natural Products
- Burt's Bees
- Collective Wellbeing
- * Common Sense Farm
- Desert Essence
- Dr. Woods
- * Epicurean Shea Butter Company
- * Frontier Natural Products
- * Jason Natural Cosmetics
- Kiss My Face
- * Pretty Natural
- * Shea d'Afrique
- South of France
- * Vermont Soapworks

* Vendors with 100% shea butter products

Retail Product Manufacturers/Distributors

AAA Shea Butter Company
African Shea Butter Company
AFAJATO, Inc.
Ambrosia Naturals
Aveda
Bath by Bettijo
The Body Shop
The Chemistry Store
Clarins
Cosefini
Dani Natural Products
L'épi de Provence
European Soaps European Soaps LTD.
Evelyn and Crabtree
French Soaps Ltd. (*Institut Karité*)
Fruits & Passion
Garden Botanica
Honeybee Gardens, Inc.
Karité Gold
Lothantique
L'Occitane
Planet Spa
Pré de Provence
The Shea Butter Company, Ltd.
Sun Feather
TerraNova-Nectarine
WELEDA

Selected Ingredient Suppliers that Sell Shea Products in the US Market

Arista Industries, Inc
BioChem International, Inc.
Jarchem Industries, Inc.
Jeen International
KIC Chemicals, Inc.
RITA Corporation
The Fanning Corporation
Tri-K Industries

ANNEX 2 SELECTED INFORMATION ABOUT SHEA PRICES

Table 4 CIF Prices²³ for Shea Kernels, Europe (\$/t)

Year	Source of Shea Kernels			
	Ghana	Benin ²⁴	Burkina	Mali
1995	329			
1997		297		
1999	332	324		
2000	202	225		
2001	216	189	270	
2002	266	266		
2003				
2004	250 ²⁵			

Source: UNCTAD, UN Commodity Trade Statistics Database statistics; as quoted at the website (<http://r0.unctad.org/infocomm/francais/karite/prix.htm>)

²³ These CIF figures are largely for shea kernels shipped to Western Europe. CIF prices for 1999 are for imports into India and Indonesia.

²⁴ The observations for Benin in 1997& 2002 are actually for Togolese shea.

²⁵ The 2004 figure is an fob, West African ports estimate.

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