



Boosting Organic Trade in Africa

Market analysis and recommended strategic interventions to boost organic trade in and from Africa

PRODUCT MARKET BRIEF FOR SHEA

This Market brief series is based on a study commissioned by IFOAM – Organics International in 2020 in order to better understand possible interventions that can promote market development and trade of organic produce in Africa.

The study was financed in the framework of the global project “Knowledge Centre for Organic Agriculture in Africa” (KCOA). The objective of the project is to establish five knowledge hubs that promote organic agriculture in Africa by disseminating knowledge on the production, processing and marketing of organic products as well as shaping a continental network. The project is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Ministry of Economic Cooperation and Development (BMZ) as part of the special initiative ONE WORLD – No Hunger.

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INTRODUCTION

Shea tree

The Shea Market brief is part of a series with 12 specific Market briefs. They include information on the status of the organic sector and on the development of organic agricultural production and trade. They also provide deeper insight into how the organic market is organised: supply and demand dynamics including trends, supporting functions available and rules and regulations. All this is relevant information when trading with or in African organic markets.

The objective of the Market briefs is to inform national, regional and international specialists and interested public about the potentials of trade in organic products in and with African countries. The insights gained will facilitate the identification of possible interventions and opportunities and help to further build the organic sector in Africa.

This Market brief focuses on the organic market of Shea in Africa. The complete series includes the following Market briefs:

1 Regional Market brief covering the 5 regions of the African continent: Southern, Eastern, Central, West and North Africa.

8 Country Market briefs covering the countries: Burkina Faso, Egypt, Kenya, Morocco, South Africa, Togo, Tunisia, Uganda

3 Product Market briefs covering the value chains: Coffee, Tropical fruits, Shea

Overview and development

Africa is the only continent where the shea tree (*Vitellaria paradoxa*) grows. The shea area stretches from Senegal in the West to Uganda in the East. Shea trees bear fruit consisting of a thin, nutritious pulp that surrounds a large, oil-rich seed from which shea butter is extracted. Extraction of shea butter involves different steps including crushing the nuts, drying the kernels and expelling or pressing the kernels. The resulting shea butter has added value as it is used in foods, cosmetics and health products.

Shea trees are usually managed as part of parklands together with other farmed crops. They are part of traditional agroforestry management systems and protected in rural areas by local traditions and forestry policy. Shea collection plays an important role in forest conservation by giving the trees an economic value, which incentivises populations to protect them. As shea parklands are carefully managed, they are not considered 'wild areas' despite their categorisation as 'wild' in statistics by the Research Institute of Organic Agriculture (FiBL). Global collection of conventional and organic shea nuts is estimated at 800,000 tonnes. Commercial collection for export is concentrated in West Africa with Ghana and Burkina Faso hosting most large-scale shea butter extraction facilities.

Organic certified collection primarily takes place in Burkina Faso, Ghana, Mali, Cote d'Ivoire, Guinea, Benin and Uganda. Although the largest shea collector, Nigeria, did not report organic certified collection of shea, the country is estimated to be a significant supplier of organic shea. Organic certification of shea collection is driven by international demand from Europe and the USA. International manufacturers of chocolate and organic cosmetics represent the main users of certified organic shea. High demand for chocolate and limited availability of cocoa butter lead to increasing demand for Cocoa Butter Equivalents (CBEs) such as shea butter as a substitute.

Shea offers various opportunities for value addition. First of all, shea butter extraction provides income to women who produce hand-crafted shea butter using traditional methods, as well as to workers in large-scale extraction facilities using an industrial process. Secondly, many African companies use shea as an ingredient for foods and cosmetics and add value through manufacturing. While these companies target local and regional markets with conventional shea-based products, some of them export to international markets with strong demand for organic products. Thirdly, manufacturers both in international and regional markets can use organic certification to substantiate their marketing stories and brand their products.



Production of shea butter

Shea collection

Infographic Shea collection



Certified organic shea parklands in ha:

245,969



Shea products:

**Shea butter, stearin fraction,
olein fraction**



Number of shea collectors:

4 million conventional and organic shea collectors involved in the export value chain¹

¹ FAO/GSA (2020). Shea value chain as key pro-poor carbon-fixing engine in West Africa.

List of African countries where organic shea is collected (in no particular order):

■ Nigeria ■ Mali ■ Burkina Faso ■ Ghana ■ Cote d'Ivoire ■ Benin ■ Togo ■
Guinea ■ Uganda ■ South Sudan ■ Cameroon ■ Chad

**Table: Organic shea nut collection in Africa**

Countries	Area (ha)	Volume (t)	Export value (CIF in €)	Remarks
Burkina Faso	a) 198,257	a) 7,189	d) 14.4 million	
Ghana	a) 35,834	a) 1,139	d) 2.3 million	
Mali	a) 8,690	a) 3,025	d) 6.1 million	
Benin	a) 722	a) 131	d) 0.3 million	
Cote d'Ivoire	a) 1,060	a) 100	d) 0.2 million	
Guinea	a) 1,000	a) 50	d) 0.1 million	
Uganda	a) 406	n/a.	n/a.	

* Value is estimated as a multiplication of the volume by an export price of EUR 2 /kg
We differentiate between a) FiBL (2018) statistics b) other statistics c) resource person estimates d) own estimates.

Analysis

According to FiBL data, global organic shea nut collection amounts to 11,634 tonnes. Based on an organic area of 245,969 ha, an average of 21.4 shea trees per hectare and a yield of 3-4 kg of dry kernels per tree, experts estimate a total production of 19,000 tonnes of organic shea nuts.² The FiBL data presented above suggests a large gap between Burkina Faso and other shea producers. However, industry sources estimate the difference in organic shea collection to be lower and the collection amounts in Benin and Cote d'Ivoire to be higher than indicated. Nigeria will become another supplier of organic shea with two companies in the process of certification.

Shea suppliers often obtain organic certification upon receiving a request for certified organic shea. This makes the organic shea market volatile, as compliance with the requirements of a specific buyer becomes the short-term objective. Suppliers

might assume that the shea from their collection areas is organic by default and put insufficient effort into long-term natural and organic resource management. In West Africa, particularly conventional cotton farmers in the area pose a major risk to organic shea nut collectors. Their farming inputs, such as pesticides, cross-contaminate shea nuts. Organic shea suppliers often find out about such contamination after analysis of their exported shea butter by their international clients. Product rejection or devaluation and loss of organic certification affect the companies' activities and motivation negatively. Companies interested in going organic lose interest in certification consequently. This is a major bottleneck for the development of organic shea in Africa. The spraying of chemicals in buildings in the fight against malaria is another important threat as organic shea collectors storing the shea in their house expose it to contamination.

² Food and Agriculture Organization of the United Nations / Global Shea Alliance (2020). Shea value chain as key pro-poor carbon-fixing engine in West Africa.



Locally sold shea butter and soap

The shea market

Infographic of the shea market



Main products for export markets:
Shea butter, stearin fraction and olein fraction, shea cosmetics



Main products for domestic and regional markets:
Shea cooking oil and shea cosmetics



Total value of the exports:
19,000 shea nut equivalent tonnes
 (based on the assumption that all organic certified shea nuts are exported)



Total value of the exports:
38 million EUR to the EU
 (estimate based on average import price of EUR 2/kg)



Main target markets and their import volume:
EU: 8,000 shea nut equivalent tonnes (own estimate)
USA: 8,000 shea nut equivalent tonnes (own estimate)



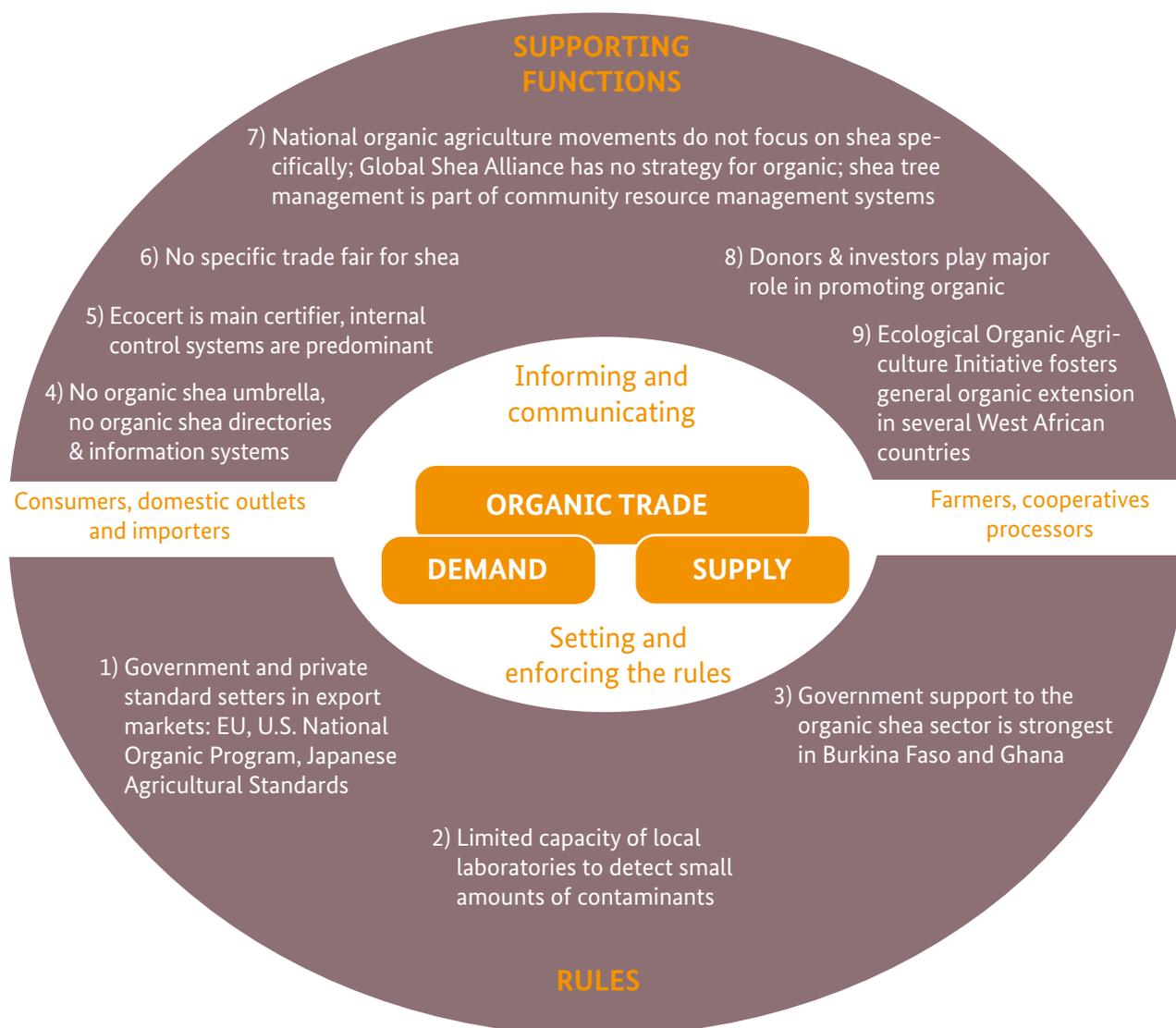
Main target markets and their import value:
EU: 16 million EUR
USA: 16 million EUR



Number of operators that are exporting shea from Africa:
n/a.



Number of operators that are importing shea from Africa:
n/a.



Letters in the doughnut refer to:

- | | |
|--|-----------------------|
| 1) Export Standards | 6) Trade Facilitation |
| 2) Private Standards & Regulation | 7) Research & Advise |
| 3) Promoting Policies | 8) Advocacy |
| 4) Organic Umbrella | 9) Promotion & PR |
| 5) Internal Control Systems & PGS ³ | |

³ Participatory Guarantee Systems (PGS) are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange. More information can be found here: www.ifoam.bio/pgs

Supply chains' demand

Virtually all demand for organic shea products comes from the EU and the USA. Markets with standardised shea production (i.e. where shea butter is used as a Cocoa Butter Equivalent), focus on price and not on organic certification. However, within these markets, there is a significant segment with preference for organic shea butter. In the markets for natural and organic cosmetics, for example, a large share of buyers requires organic certification to support their marketing stories. Only in the case of scarce organic ingredients, natural cosmetic manufacturers use the conventional version of the ingredient. As organic shea is widely available, natural cosmetic manufacturers usually require an organic certificate for shea. Local demand in Africa for organic certified shea is absent, also because of the local consumers' perception that shea collected from parklands is 'organic by default'.

This lack of demand for certified organic shea does not imply a lack of demand for organic shea. Shea butter is an important ingredient for numerous natural cosmetics purchased by consumers in Africa. Although these cosmetics do not contain certified organic ingredients, consumers expect that shea in these cosmetics is 'organic by default'.

Shea nuts



Supply chains' supply

Shea collection provides an income to millions of people. The Food and Agriculture Organization of the United Nations and the Global Shea Alliance (GSA) estimated the average gross income per women collector in Ghana at USD 75. Besides collecting shea nuts, the women add value to their product by processing the shea nuts into shea butter. In some cases, this hand-crafted shea butter finds its way directly to the export market. However, most shea is processed by larger-scale processors that add value through extraction of shea butter and cleaning of the product.

Organic farming systems have been widely adopted by the export-oriented shea industry. For many shea suppliers, organic certification improves their access to international markets.

Market place

Collectors of organic shea are organised in collector groups or cooperatives. The collector groups supply all the organic shea to aggregators. The latter process and export the shea to international markets. The Savannah Fruits Company (SFC) is a leading player in the organic shea market. SFC partners with over 15,000 women in Ghana producing handcrafted, organic and fair-trade shea butter from 40 communities. Many of the cooperatives supply large-scale organic processors and some cooperatives have their own processing centres.

Supporting functions

Sector Organisation: The GSA is an influential organisation in the shea sector. Its membership extends beyond the African producer countries and includes processors and users in markets around the world. GSA does not actively promote organic certification. It focuses on income generation for shea collectors and other players in the value chain as well as on shea tree conservation.

Certification: Ecocert is the main certifier of shea suppliers. Most shea exporters only obtain organic certification upon receiving a request for such from a buyer. As shea is usually collected from shea parklands where agricultural activities are 'organic by default', certification does not require a conversion period and is a relatively fast and easy process.

Trade Facilitation: Organic shea suppliers promote their products at a variety of international trade fairs including BIOFACH in Nuremberg/Germany, Africa Cosmetics Exhibition, Professional Beauty Exhibition in South Africa, Beauty exhibition in New York and Dubai Organic and Natural Expo.

Rules

Burkina Faso and Ghana, two major producers of certified organic shea, are classified as active countries in ecological organic agriculture. They have upcoming organic national policies and governments that support the organic sector. Benin and Nigeria, two other important producers, are classified as countries where ecological organic agriculture is in its infant phase without organic policies and has little government support. Finally, Ivory Coast is classified as a country with nascent awareness of organic agriculture, but so far without organic policy and government support.⁴

EU Organic Regulation 2018/848: Article 2.2 of Annex II stipulates “Rules concerning the collection of wild plants”:

“The collection of wild plants and parts thereof growing naturally in natural areas, forests and agricultural areas is considered as organic production, provided that:

- a. for a period of at least three years before the collection, those areas were not treated with products or substances other than those authorised pursuant to Articles 9 and 24 for use in organic production;
- b. the collection does not affect the stability of the natural habitat or the maintenance of the species in the collection area.”

Local Collection Rules: As shea trees are mostly part of shea parklands, collection of shea nuts is subject to rules that apply in these shea parklands. Stakeholders in the sector have indicated that organic collection of shea nuts requires cooperation with local chiefs who play a significant role in the management of shea parklands. In Ghana, the shea sector is using the concept of Community Resource Management Area (CREMA) to organise sustainable shea collection. Community-based organisations manage the resources and are in control of certification projects in their respective areas.

Export Standards: No other type of organic certification of shea is known besides international organic standards of the EU, USA, Japan and Korea.

⁴ Auerbach, R., Oelofse, M., Mentz-LaGrange, S., Ross, A. and De Grassi, A. (2019). Assessment for the African Union Commission of North, West, Central and Southern Africa, with a view to mainstreaming Ecological Organic Agriculture.



Freshly ground shea flour

Conclusions

The estimated collection of organic shea nuts in Africa amounts to 19,000 tonnes. This represents around 2% of the total shea collection. Almost the entire demand for organic certified shea nuts comes from international markets that use organic shea for organic foods (e.g. chocolate) and for organic cosmetics.

Burkina Faso, Ghana, Benin, Cote d'Ivoire and Nigeria are estimated to be the main suppliers of organic shea nuts. Their shea sectors are organised in the Global Shea Alliance which aims to develop a sustainable shea industry but does not focus on organic shea collection.

Stakeholders in shea production in Africa have reported that the organic farming system is difficult to maintain in shea parklands. Shea collectors often share these parklands with local small-scale farmers using conventional farming methods. When such farmers use chemicals, contamination of the shea nuts can occur. This risk demotivates shea suppliers to obtain or maintain organic certification and is a major bottleneck for development of the organic shea sector.