Prices and Poverty

- Agricultural Commodities and the Position of Small-scale Producers in Global Economic Networks

“It is not prices that determine everything, but everything that determines prices”

Pierre Bourdieu

Number of taps: 250 837
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## Abbreviations

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<th>Description</th>
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<tr>
<td>AAU</td>
<td>Aarhus United</td>
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<tr>
<td>ACP</td>
<td>Africa, Caribbean and Pacific</td>
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<tr>
<td>Aford</td>
<td>Aid for Development</td>
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<td>BS</td>
<td>The Body Shop</td>
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<td>CBE</td>
<td>Cocoa Butter Equivalent</td>
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<td>CBO</td>
<td>Community Based Organisation</td>
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<td>CCFC</td>
<td>Christian Children’s Fund of Canada</td>
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<td>CLIP</td>
<td>Community Life Improvement Programme</td>
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<td>CMA</td>
<td>Christian Mothers’ Association</td>
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<td>COCOBOD</td>
<td>Cocoa Marketing Board</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>FLO</td>
<td>Fair-trade Labelling Organisation</td>
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<td>GCC</td>
<td>Global Commodity Chain</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GPRS</td>
<td>Ghana Poverty Reduction Strategy</td>
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<td>GSB</td>
<td>Ghana Standards Board</td>
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<td>HIPC</td>
<td>Highly Indebted Poor Countries</td>
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<td>ICA</td>
<td>International Coffee Agreement</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>MAPRONET</td>
<td>Market Access Promotion Network</td>
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<tr>
<td>MOFA</td>
<td>Ministry of Food and Agriculture</td>
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<tr>
<td>MOWAC</td>
<td>Ministry of Women’s and Children’s affairs</td>
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<td>MT</td>
<td>Mega Tonnes</td>
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<td>NEA</td>
<td>Northern Empowerment Association</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NOGCAF</td>
<td>Northern Ghana Community Action Fund</td>
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<tr>
<td>OCIA</td>
<td>Organic Crop Improvement Programme</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>ProKarité</td>
<td>Projet d'Appui Technique à la Filière Karité</td>
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<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
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<td>SEND</td>
<td>Social Enterprise Development Foundation of West Africa</td>
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<td>SN</td>
<td>The Shea Network</td>
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<tr>
<td>UGK</td>
<td>Union des Groupements Kiswendsida</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNIFEM</td>
<td>United Nations Development Fund for Women</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WATH</td>
<td>The West African Trade Hub</td>
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1 Introduction

1.1 Problem Outline

In line with the growth in international trade and investment, global economic activities are increasingly influential on the prospects of developing countries. It seems likely that trade between industrialised and developing countries has the potential for lifting broad swaths of people out of poverty. However, the prosperous countries of the North\(^1\) are reluctant to engage in free and fair trade with developing countries. Moreover, value-adding and income-generating processing activities predominately take place in developed countries. Finally, it is not given that North-South trade will benefit the poor and marginalized people in developing countries.

Consumers in the North demand a range of products procured from the South and shops and supermarkets in the North groan with tropical products. Analysis of the inter-firm linkages that make such trade possible has been systematised by global commodity chain analysis. Many studies have been dedicated to analyse the patterns of trade between the South and the North; within the global commodity chain framework, focus has been on how trade between the firms in the chain is governed and how some firms can be upgraded. Yet, few have studied the specific situation of small-scale producers in developing countries, how they are influenced by international trade, and how they cope with the global interconnections of the very commodities they produce. This thesis will evolve around the situation of small-scale agricultural producers exemplified by shea butter producers from Ghana and their position in the global economy. Following shea butter’s commercial trajectory from northern Ghana with its mud brick homes, harmattan winds, intense physical labour, and deep environmental knowledge to corporate headquarters and postindustrial lifestyles in Europe and the US, some socio-economic dynamics will be sketched out.

Shea butter is an oil extracted from the shea nut that grows in the wild throughout West Africa. The extraction has been carried out by women in the communities over centuries and serves purposes of skin care and cooking ingredient. During the 20\(^{th}\) century shea butter has been used in a range of industrial products from soap, candles, and animal feed to margarine, cakes, and most importantly

\(^{1}\) As this paper operates within the discourse of development economics, I will use the term 'North' as opposed to 'South' to designate 'the developed countries' and 'the developing countries' (cf. chapter 1.3).
confections (Chalfin, 2004, p. 15). Shea butter is a central ingredient in factory-based production of chocolate products in developed countries and the extraction of shea butter for this purpose is usually taking place in industrial plants. Recently, shea butter has been ‘discovered’ as a healing, natural ingredient in cosmetics and skin-care products targeted at affluent consumer segments. Here, manual extraction is re-emerging since it keeps the healing properties of shea butter that industrial extraction may destroy. Shea butter is in many ways exemplary of a globalised agricultural commodity. In relation to chocolate production, it is typical for a bulk commodity procured in the South and processed and refined into a higher value product in the North where it is sold to ordinary consumers or exported (even ‘re-imported’) to the South. Thus, in the confectionary industry, shea is an anonymous ingredient in a mass consumed product. In the cosmetics industry, shea is a high value product demanded by global postmodern consumers. In its capacity of luxury product, shea butter is meant for a selective mass-market consisting of well-off consumers with postindustrial lifestyles and consumption habits. At present, the cosmetics market constitutes 5-10 percent of shea butter exports and the confectionary market 90-95 percent. Yet, as will be argued below, the cosmetics market promises high growth potential due to global consumption trends.

Over the last fifty years, Northern markets have evolved from production-focused to consumption-focused markets (Christensen, 2005, p. 5). In line with the saturation of markets for basic goods in affluent countries, an increased focus on quality, pleasure, experience, and health has emerged. Branding and marketing are playing a growing role in an ever-increasing number of markets. What characterises postmodernism in this context is an increasing acceptance of diversity and greater emphasis on quality of life concerns, emphasizing individual choice of lifestyle and individual self-expression (Inglehart, 1997, p. 22). Translated to consumer behaviour, this means a larger demand of luxury and ‘self-care’ products. For the postmodern consumer, consumption is a way of building and expressing identity, and products become lifestyle signifiers. For instance, the café chain Starbucks has managed to brand coffee as a lifestyle product and thus de-commodify the product. “This took place at the same time as other consumer products moved from mass-production and marketing to being recast as more authentic, flavourful and healthy (micro-brewed beer, speciality breads, organic vegetables).” (Ponte, 2001, p. 20). Thus the market saturation for goods with ‘commodity’ traits has stimulated product differentiation in order to appeal to the postmodern consumer (Gibbon + Ponte, 2005, p. 2). These tendencies has resulted in a growing market for organic and ‘fair trade’ products, because the postmodern consumers demand organic products and products where the producer in the south has
achieved a fair price. Companies increasingly brand themselves as social responsible and market their products accordingly. Corporate Social Responsibility (CSR) can be defined as “continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large” (Holme, 2000, p. 8). Many companies have their own ‘codes of conduct’, laying out a framework for their engagement in CSR. Furthermore, several certification and labelling initiatives exist in relation to organic and ‘fair trade’ products for instance ISO 14001, SA8000, the Fair-trade Labelling Organisation (FLO), Organic Crop Improvement Programme (OCIA), Ethical Trading Initiative etc. Between 2001 and 2002 ‘fair trade’ sales across the world grew by 21.2 percent (Kouassi-Zessia, 2004, p. 61). These trends go to show that product differentiation in the form of organic and ‘fair trade’ properties is an important way to add value to a given product and appeal to a large group of affluent consumers – a group that will be referred to as postmodern consumers. A central question in the thesis is how small-scale producers in developing countries can gain access to this profitable consumer segment.

The problem to be analysed in the following, evolves around how small-scale producers of tropical commodities can obtain fair prices for their products. Small-scale producers often lack access to external markets and are forced to sell their produce to middlemen and local buyers at low prices, sometimes not even enabling them to break even. The bargaining power of small-scale producers is low and accordingly they are price-takers rather than price-makers. Other actors along the value chain are the ones to determine prices and reap the profits of global trade. The development issue at stake is that small-scale production is the source of livelihood for the majority of poor people in developing countries. Poverty reduction and enhanced livelihoods, therefore, depend on the ability of these small operators to market effectively what they produce and obtain fair prices. The profits of small-scale producers are determined by the value they can add to the products, so issues of quality and upgrading must be taken to the fore. The shea case is included in order to contribute to an enhanced understanding of the socio-economic conditions of poor, small-scale agricultural producers and the opportunities and risks entailed in economic globalisation. The shea butter producing women as agents and the structures that surround them can be analysed by means of concepts from economic anthropology. By applying concepts from economic anthropology and the global commodity chain framework, it can be investigated how small-scale shea butter producers can obtain fair prices for their product and which barriers stand in their way.
In the case of shea butter, a gender perspective is added. The harvesting and processing of shea nuts is exclusively a female domain and shea butter trade is an important source of cash income and status for women in West Africa. Numerous studies of gender division of labour in Africa show that the work of women is thought of as subordinate to that of men despite its immense contribution to the livelihoods of the family (Davison 1988, Stichter and Parpart 1988, Whitehead 1984 in Chalfin, 2004, p. 10). According to such analyses, women’s economic disablement derives from the uneven terms of resource access and control, limiting their rights to land, labour, and livestock compared to men, while allowing men to make claims on female labour and output. Yet, when it comes to shea, the processing and trade of shea butter potentially enable women to gain status and recognition, along with material rewards, within the domestic context and the public realm.

Few studies have examined the opportunities of global economic networks from the perspective of small-scale agricultural producers in developing countries. Many assumptions and hypotheses about positive or negative ‘trickle down’ effects of globalisation have been aired, but concrete evidence is scarce. There seems to be a lack of knowledge about how to ensure a reasonable income for the small-scale producers of agricultural commodities, such as shea butter, even though it is crucial for poverty reduction in developing countries such as Ghana.

1.2 Research Question

The above considerations lead to the following research question and two sub-questions:

**How can small-scale female producers of shea butter in Northern Ghana obtain fair prices for their products?**

(1) *To what extent can participation in global economic networks offer opportunities of upgrading and fair prices?*

(2) *Do the adequate prerequisites for global trade exist on the local level? If not, how can they be facilitated?*

1.3 Definitions

Throughout the thesis some concepts will be employed which carry a certain meaning in this context and are crucial to the analysis. These concepts will be described and defined below.
Developing countries
Countries that do not belong to the OECD and with a significant share of the population living on less than US$ 2 a day (Prahalad, p. xii). The terms developing countries, Third World, and the South will be used interchangeably throughout the thesis. Yet, it is not assumed that this is a homogenous group of societies.

Fair prices
A fair price for a commodity is a price that covers all costs of production plus a profit/salary for the producer(s).

New tropical commodities
Differs from traditional export commodities such as coffee, cocoa, tobacco, and sugar in that they are not bulk commodities but luxury, ‘self-care’ products.

Small-scale agricultural producers
Individual subsistence farmers or processors of agricultural products operating in a ‘pre-fordist’/pre-industrial mode.

The postmodern consumer
The term will not be part of a theoretical discussion about postmodernism, but merely be applied to describe a certain consumer segment with postindustrial lifestyles and consumption habits.

1.4 Delimitations
As a consequence of the methodological choices regarding the theories and empirical evidence in the thesis, the research is delimited to a certain area. For instance, this study focuses on global economic networks, and thus the local market for shea butter will not be dealt with in great detail. The global markets are chosen as focal point because prices in local markets are consistently low (cf. chapter 3.2.3). Furthermore, the regional market will be largely ignored, although I am aware that a significant amounts of shea butter travels across the borders to Ghana’s neighbouring countries. The reason why the regional trade of shea butter is not prioritised is that the price structure is similar to that of local
markets. Moreover, the specific horticultural details of growing shea trees/nuts will not be discussed in
detail, since these kinds of agricultural studies do not fall within the empirical and theoretical
boundaries of this thesis, which is delimited to the socio-economic realm (cf. chapter 3.2). I will also
abstain from getting into much historical detail, even though shea trade has existed for centuries.
“There are records of shea’s movement across the Sahel and into the forest and coastal zones of West
Africa dating from the Middle Ages – evidence suggesting an even more extensive and earlier
unrecorded history.” (Chalfin, 2004, p. 13). Yet, even though much can be learned about society by
studying the history of shea butter trade (cf. Chalfin, 2004), the historical aspects will be downplayed
in order to thoroughly analyse the present situation and future potentials. Finally, a problem not to be
discussed in the thesis is whether ‘globalisation’ is happening and what the term actually entails. What
will be discussed are the global economic networks that structure the international trade of agricultural
commodities and how the gains of the trade are distributed.

1.5 Structure of the Thesis

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2 Theory of Science and Methodology

2.1 Theory of Science Assumptions

The research of this thesis is scientifically rooted in critical realism as formulated by Andrew Sayer. Sayer presupposes that all social action is the result of certain structures and mechanisms; that everything has a cause. To uncover the causalities of the problem area outlined above, two different branches of theory will be employed. Structural analysis (the global commodity chain framework) will be combined with a theoretical framework that includes agency (economic anthropology). Where global commodity chain analysis tends to focus on global structures as explanations (the core dominates the periphery), economic anthropology acknowledges that agents and structures influence each other. For instance, Bourdieu argues that actors and structures interact and he tries to dissolve the dualism between them. This combination is based on the belief that socio-economic conditions and processes of change can neither be explained merely by social and economic structures nor exclusively by actions of individuals. As Sayer puts it: “We need to know not only what the main strategies were of actors, but what it was about the context which enables them to be successful or otherwise.” (Sayer, 2000, p. 26).

Having critical realism as a point of departure includes the basic assumption that the world exists independent from our knowledge and thoughts about it, and has certain objective characteristics. This ontology includes a distinction between the real, the actual and the empirical. The real is whatever exists (natural or social), regardless of whether it is an empirical object for us, and the real can be defined as the realm of objects, their structures and powers. Where the real refers to the structures and powers of objects, the actual refers to what happens if and when those powers are activated, to what they do and what eventuates when they do. The empirical is defined as the domain of experience, and insofar as it refers successfully, it can do so with respect to either the real or the actual though it is contingent (that is, neither necessary nor impossible) whether we know the real or the actual (Sayer, 2000, p. 11-12). The shea butter case study belongs to the realm of the empirical whereas the analyses dig into the real and the actual.

An implication of this ontology is that powers may exist unexercised and hence what has happened does not exhaust what could happen. “Realist ontology therefore makes it possible to understand how we could be or become many things, which currently we are not: the unemployed could become
employed, the ignorant could become knowledgeable, and so on.” (Sayer, 2000, p. 12). An example related to the shea case is the possibility of poor shea butter producers becoming economically empowered if certain structures are altered and certain powers activated. Furthermore, critical realism acknowledges that in the social world, people’s roles and identities are often internally related, so that what a person or institution is or can do, depends on their relations to others (Sayer, 2000, p. 13). So, the opportunities of small-scale shea butter producers are influenced by all other actors in the field.

Critical realism distinguishes between intensive and extensive research methods. Extensive methods search for regularities in the belief that large numbers of repeated observations will give us relations that are significant. “Extensive research, informed by a successionist theory of causation and hence aiming to find regularities among atomistic events or variables, seeks out mainly formal similarities and differences rather than substantial connections” (Sayer, 2000, p. 21). An intensive approach, on the other hand, would start with individuals (not necessarily individual people), and trace the main causal relationships into which they enter and study their qualitative nature as well as their number. Intensive research is primarily concerned with what makes things happen in specific cases (Sayer, 2000, p. 20). “Intensive research is strong on causal explanation and interpreting meanings in context, but tends to be very time-consuming, so that one can normally only deal with a small number of cases” (Sayer, 2000, p. 21). Intensive research thus corresponds with the qualitative research strategy of this study, where the analytic frames aim at explaining the evidence: “Intensive research seeks out substantial relations of connection and situates practices within wider contexts, thereby illuminating part-whole relationships” (Sayer, 2000, p. 22). The essential method in critical realism is retroduction, which will be elaborated on below (chapter 2.2).

Sayer argues that critical realism offers a rationale for a critical social science; one that is critical of the social practices it studies as well as theories (Sayer, 2000, p. 18). Thus, it has emancipatory potential: “where social research identifies misconception and avoidable suffering in the practices it studies, its explanations simultaneously amount to criticisms implying the removal of the misconceptions or suffering and whatever causes them” (Sayer, 2000, p. 156). For instance, gender relations are often seen as natural rather than a product of socialisation and are automatically reproduced (Sayer, 2000, p.18). When looking at gender critically and as a social phenomenon, the structures that determine gender relations can be revealed and false understandings identified. “Furthermore, as Bhaskar argues,
to identify understandings in society as false, and hence action informed by these as falsely based, is to imply that (other things being equal) those beliefs and actions ought to be changed” (Sayer, 2000, p.19).

Hence, critical realism is based on an objective epistemology that makes it possible for researchers to reveal reality through controlled methods. Yet, it differentiates itself from the positivist perspective in recognising that all observations are biased and theories are revisable. Critical realists consider the goal of science to be uncovering reality, even though this may never be achieved completely since all methods and observations are fallible. Thus, the critical realist school emphasises the importance of multiple approaches, a requirement I have tried to fulfil by using different sources of data and different analytic frames, i.e. triangulation (cf. chapter 2.3).

2.2 Interaction between Evidence and Theory

The research strategy is based on retroduction. According to Charles Ragin, social research – in simplest terms – involves a dialogue between ideas (theory) and evidence (data). Ideas and evidence interact through analytic frames and images. Ragin defines analytic frames “as a detailed sketch or outline of an idea about some phenomenon. Ideas are elaborated through analytic frames” (Ragin, 1994, p. 58). The purpose of ideas and the analytic frames derived from ideas is to break things into parts to analyse them properly. This way of working can be termed deductive. Images, on the other hand, are built up from evidence that is synthesized. Images are built by connecting different elements of what is being studied in order to create more complete portraits based on some idea of how these parts are or could be related (Ragin, 1994, p. 58). Ragin points out that “Images are idealizations of real cases. They are constructed from selected pieces of information.” (Ragin, 1994, p. 70). One has to critically select the information to be analysed since real cases entail an infinite quantity of data. Images are abstractions of evidence: “To be adequate for a specific purpose it must ‘abstract’ from particular conditions, excluding those which have no significant effect in order to focus on those which do. Even when we are interested in wholes we must select and abstract their constituents” (Sayer, 1984, p. 80). The building of images is primarily inductive. In social research, analytic frames interact with images and the process of synthesizing an image from evidence and refining it goes hand in hand with the process of analysing the evidence, using analytic frames (Ragin, 1994, p. 59). “This interaction between images and frames is best understood as a process of retroduction, a term developed by
philosophers of science (Hanson 1958) to describe how induction and deduction work together in research” (Ragin, 1994, p. 72).

In this research project, the initial evidence was gathered and synthesised in accordance with ideas about price structures, bargaining power, and economic empowerment of shea butter producing women. These ideas guided my selection of primary data at the initial images. Later on, the frames of global commodity chain analysis and economic anthropology were applied to elaborate on the evidence and structure the images. Since the data collection was based on socio-economic ideas, the analytic frames involved in the further analysis also derive from the socio-economic sphere. The initial gathering of evidence was not guided by the ideas that have come to frame them in the following analyses, but I have consistently been working within a socio-economic paradigm. My point of departure has been characterised by a certain degree of openness to the research subject and what may be learned from it, and the purpose of the study has from the outset been and continues to be exploratory.

The exploratory and qualitative nature of the shea case study, which is the main source of evidence, will influence the image build and thus the type of answers provided to the research question. The answers to the research questions outlined above will be specific to the case in question, but by way of the analytic frames, the research will enhance the understanding of the situation of small-scale producers in general. The image (evidence) is specific but the analytic frames (theories) are general. The analytic frames will be used to classify and characterise the phenomena, i.e. the situation of small-scale shea butter producers, thus illuminating the part-whole relationships. Two different analytic frames (the global commodity chain framework and economic anthropology) are retained throughout the project because they elucidate the subject in complementary ways. The shea butter case study will be supplemented by other case studies of agricultural commodities and by holding the case studies up against the analytic frames there will be a basis for scientific generalisation. Yet, some aspects will be specific to the shea case and will be a part of the dialogue between ideas and evidence. The interaction of images and analytic frames will seek out substantial relations of connection and causation and situate practices within wider contexts (Sayer, 2000, p. 22).

Just as the analytic frames will elaborate on the images derived from the shea case, the case study will enrich or qualify/disqualify the analytic frames. Thus, theory and empirical evidence will wrangle and
the ensuing reflections will provide the answer for the research question. Scientific generalisation is attempted on two levels: (1) by developing feasible and sustainable suggestions to how small-scale agricultural producers can obtain a better position through global economic networks, and (2) by expanding the theories. As Ragin proposes: “there is a reciprocal clarification of the underlying character of the phenomenon under investigation and the theoretical concepts that they are believed to exemplify” (Ragin, 1994, 103).

2.3 Research Strategy

The research will be directed by the research question as well as its sub-questions and the methods employed will correspond with the problem investigated. The problem area, namely shea butter producing women’s position in the global economy, can be elaborated on by means of a range of different theories and data. An analytic frame that can be employed to define shea butter producing women’s prospects and difficulties of being integrated in global economic networks is the global commodity chain framework (first sub-question: To what extent can participation in global economic networks offer opportunities of upgrading and fair prices?). To add to the analysis of the producer level it has been necessary to supplement with concepts from economic anthropology (second sub-question: Do the adequate prerequisites for global trade exist on the local level? If not, how can they be facilitated?). The two theories and their methodological implications will be briefly described in chapter 2.3.1 and content-wise elaborated on in chapter four and five. In order to exemplify the position of small-scale producers, a case study seems a suitable way of presenting the empirical material (image). One way to gather data for a case study is by doing interviews and making direct observations (primary data). Another way is desk research by means of publications and the Internet (secondary data). The methods used to illuminate the problem area will be discussed in chapter 2.3.2.

The point of departure of the research is interdisciplinary i.e. comprise approaches from development economics, globalisation theory, international trade, political economy, anthropology, and gender studies. Even though I combine different disciplines, I will stay within the socio-economic paradigm; other areas, for instance natural science or psychology, are not included, and thus my conclusions will be limited to the socio-economic field. Instead of regarding the socio-economic environment as one consisting of distinct parts, a holistic view is adopted. Focus will be on the relationships between various players: small-scale producers, private enterprises, civil society organisations, government
institutions, and development/aid agencies. It will be analysed how these groups are involved in the development and transformation of shea butter trade. The focus will be on small-scale agricultural producers, namely the female shea butter producers of Northern Ghana. Thus, the research will include both micro- and macro levels, from the individual over the firm/organisation to the global economy.

2.3.1 Choice of Theories

Global Commodity Chain Analysis

The dynamics of international trade in agricultural commodities can be understood by applying the global commodity chain framework. Global commodity chain (GCC) analysis studies specific commodities by covering all processes and transactions from primary production to final consumption. For many small-scale agricultural producers in developing countries, the only way to export their produce is by means of global commodity chains, but due to the governance structures of the chain, they may not be able to influence prices, engage in upgrading or even enter the chain.

GCC analysis can be used to point out the global dispersion of activities, where power is situated in the commodity chains, the opportunities of entering the chain (barriers to entry), and the possibilities for producers to upgrade activities and enhance profits. This will include analysis of input-output structures, geographical coverage, governance structures, and institutional frameworks of agricultural commodity chains. GCC analysis integrates micro and macro levels into one framework and makes it possible to analyse the interconnectedness of globally dispersed actors. The GCC framework provides insights into global production, trade, and consumption networks and thus producers’ possibilities of entering and profiting from participation in global economic networks. The nature of GCC analysis is empirical since it has emerged from and is continually elaborated by means of studies of specific commodities (e.g. apparel, automobiles, electronics, footwear and leather, furniture, horticultural products, primary commodities).

In terms of theory of science assumptions, the ontological basis of GCC analysis is that certain structures and power relations govern society. GCC analysis is genealogical to dependency theory and in turn world-systems theory, which are historical-structural analyses where the world is seen as divided into a core, a semi-periphery, and a periphery. Seen through these lenses, core firms (usually based in the North) are regarded to direct the terms of participation in global commodity chains of
Economic Anthropology

Economic anthropology is the part of anthropology that engages in dialogue with the discipline of economics (Wilk, 1996, p. 32). Economic anthropology highlights agents’ economic transactions and the cultural nature of this process. It is built around materialist logic and positivist methods, but it also recognizes the integral importance of cultural beliefs and social practice. Economic anthropology is concerned with economic transactions seen in the light of relationships, culture and social institutions: “...the significance of the economy is seen to lie in the transactions of which it is composed and therefore in the quality of relationships, which these transactions create, express, sustain and modify.” (Firth, 1967, p. 4). As follows, the social reality, including both agency and structures, is embedded in relationships (Bourdieu, 2002, p. 27).

Pierre Bourdieu focuses on the structure of the ‘field’ (society) and how agents define it at the same time as their actions are defined by this structure. The options available for agents in the economic field depend on the volume and structure of the capital the agent possesses in its different species: financial capital, technological capital, commercial capital, organisational capital, social capital, cultural capital, and symbolic capital. Furthermore, Bourdieu in his practice theory stresses the importance of the empirical in social research. “The key strength of practice theory is that it poses the basis of human behaviour in particular situations as an empirical problem that can be solved through observation, involvement, and research.” (Wilk, 1996, p. 144).

Thus, economic anthropology allows for the agency and knowledge of individuals and groups in the rural economy. It provides insights into the critical importance of agency as well as social and cultural structures to processes of socio-economic change.
2.3.2 Choice of Empirical Data

The empirical focal point will be an exploratory case study of the shea butter value chain based on field studies\(^2\) in Northern Ghana. A case study has a distinct advantage over other research strategies when “a ‘how’ or ‘why’ question is being asked about a contemporary set of events, over which the investigator has little or no control” (Yin, 2003, p. 9); criteria that can be applied to the problem area under consideration. The case study is exploratory since a limited amount of knowledge is available to illuminate the situation of small-scale shea butter producers. Thus, the main purpose of the case study is to obtain information about the circumstances around production and trade of shea butter with focus on female producers from Northern Ghana. To obtain this information, I have applied different exploratory methods: semi-structured interviews with individuals, semi-structured interviews with key informants, and observation (Mikkelsen, 1995, p. 102-105). Finally, living in Northern Ghana for six months, have contributed to my exploration of the people and the context subjected to analysis, while not being deliberate data collection.

Due to the nature of the research question, the focus of the case study will be on the Ghanaian female producers upstream the shea commodity chain. However, a certain amount of ‘context’ material is needed to properly explain and analyse the situation. Thus, the case study will illustrate the situation of small-scale shea producers but will also include other actors in the shea business as well as facts on Ghana, gender, and the local as well as international framework of the shea resource. On top of illustrating shea butter production and trade in Northern Ghana and the global interconnections of shea butter (exploratory purpose), the case study serves an explanatory purpose by leading to some general conclusions. Furthermore, the case study is attempted to enhance the scope of global commodity chain analysis in relation to agricultural commodity chains and to confirm or challenge the ideas of economic anthropology. Thus, the shea butter case study will be used to confirm, challenge, and extend the theories, as well as to uncover some mechanisms that may also apply to other agricultural commodities (cf. chapter 2.2). Besides exemplifying a category of agricultural commodities (new tropical commodities), the case study is first and foremost exploratory in that it serves to increase and deepen the knowledge about small-scale producers’ role in global trade and their opportunities for using global economic networks for their own benefit.

\(^2\) ‘Field studies’ imply that studies are set amongst the people who are the subjects of a study or intervention (Mikkelsen, 1995, p. 210)
In my fieldwork, I have used methods such as semi-structured interviews and unstructured observation in natural surroundings (Kristiansen, 1999, p. 47). The gathering of information has been taking place in Northern Ghana (primarily in the Tamale area) from September 2004 to March 2005. Due to this relatively long period of residence in the area, I have come to an understanding of the environment and obtained a holistic picture of the circumstances of small-scale shea butter producers. I regard this first-hand experience, as being very important, since written material about shea butter trade in Northern Ghana is not abundant and cannot create a full understanding of the issues and forces at work.

**Interviews**

I have conducted 20 formal interviews altogether, and additionally, I have gathered information from a range of informal conversations. The interviews are a combination of thematic and fact-finding interviews where I have made a list of themes to cover including facts such as costs of shea butter production, prices on shea butter, and overall circumstances in relation to small-scale shea butter production and trade. Still, I have made room for other aspects to enter the conversation and for new issues to come up. The interviews have been undertaken by means of an interview guide, where I have specified the topics and issues to be covered in advance in outline form (cf. appendix C). I have been taking notes during the interviews, which I have later transcribed on computer (cf. appendix E). The purpose of using the interview guide approach has been to make data collection as comprehensive as possible and somewhat systematic while still keeping interviews conversational and situational (Mikkelsen, 1995, p. 101). Compared to informal conversations, this method may have excluded some important topics; yet, I have also had several informal conversations about shea, where topics have not differed significantly from the semi-structured interviews I have conducted.

Of the 20 interviews, two have been with shea butter producing women. When talking to these women an interpreter was needed, which limited the fluency of the conversations and the wealth of details provided. Furthermore, some meaning may have been lost in the process of translation. Yet, I have obtained some valuable views on buyers, prices, transport, and micro-loans from these two interviews, and with the wisdom of hindsight, more interviews with shea butter producing women could have been beneficial to the analysis of the women’s situation. However, the kind of knowledge provided by women from the villages does not say much about the international context of shea butter trade and overall price structures. The knowledge of the women is limited to local conditions and coping strategies, and sheds little light on the global interconnections of the shea butter commodity.
Due to the difficulties of interviewing shea butter producing women as well as the limited knowledge the women possess about international shea butter trade, my focus has been on interviewing key informants. “Key informant interviews aim to obtain special knowledge. Key informants have special knowledge on a given topic. (…) Outsiders with insider knowledge are often valuable key informants who are able to answer questions about other people’s knowledge, attitudes and practices besides their own.” (Mikkelsen, 1995, p. 104). The key informants include people from local and international NGOs (Amasaachina, Aford, CCFC, CLIP, CMA, Mapronet, NEA, Tungteiya, Oxfam, and TechnoServe), companies (Kassardjian and The Body Shop), government agencies (Ghana Export Promotion Council), and researchers (Joshua Yidana and Peter Lovett) involved in shea butter production and trade (cf. appendix B). These interviews have been conducted in English, since the key informants have been fluent in English. The informants were selected using a “snowball method”, as my knowledge and network were gradually expanding. The length of my stay in Northern Ghana allowed me to get back to some of the informants, so in three instances the same person has been interviewed twice to elaborate on some aspects. The key informants possess an overview of the shea economy that could not be obtained from small-scale producers. Through the key informants, I have acquired information about prices of shea butter and shea nuts and how they vary according to season and place, about the inputs of shea production, about the general marketing and trade of shea butter, and last but not least about the potentials of improving the situation of small-scale shea butter producers. This information has not always been compatible and there is a risk that it may be biased. Some informants may not have had full information and therefore provided ‘guesstimates’ in order not to lose face. Others may have had an interest in presenting a distorted picture; for instance companies may pretend to pay higher prices to producers or NGOs may present a ‘darker’ picture hoping for development assistance. Generally, being a white person may have prompted some people to think that I was a representative from some aid agency and thus ‘gatekeeper’ of potential funding. Yet, when presenting myself I have emphasised that I represented no such agency and that no concrete resources would be the outcome of my interviews. To encounter biases of information, I have interviewed as many key informants as possible, and I have managed to find some secondary data to compare with.

Observation

Finally, the method of observation includes watching the shea butter producing women working, investigating the facilities for production, and visiting the market places where the women sell their produce (cf. appendix B). These observations have been largely unstructured and exploratory, which
have kept my point of view open. On the other hand, the lack of structure has resulted in a rather
diffuse and unsystematic kind of knowledge gained from the observations (Kristiansen, 1999, p. 48).
Through my observations, I have experienced the laborious process of shea butter production on first
hand and have seen some of the equipment/technical inventions that can ease the labour burden.
Furthermore, I have witnessed the cooperative mode of production. I have also been presented with the
low prices of shea butter in local markets and the high expenses (usually in the form of head-loading)
of transport to the market. Thus, observations have been an important tool to understand the situation of
the shea butter producing women.

**Box 1: Mechanical Shea Butter Extraction**

My visit to a local shea butter factory is an example of the importance of observations for obtaining an
understanding of the environment of shea butter producing women. I visited one local shea butter processing plant,
recently established by Indian owners. The factory was using mechanical presses rather than the cost effective
extraction with hexane used in many other factories. The latter is making the shea butter unsuitable for cosmetics
but the former is not. Thus, the methods of shea butter extraction used in this factory could form an alternative to
the laborious traditional processing methods employed by local women; yet, one important observation I made at
the factory was that no women were employed. This suggests that in the Northern Ghanaian context, upgrading to
factory-based production is not a suitable way to improve the position of shea butter producing women.

**Reliability and Validity**

A general problem in relation to qualitative research - as well as many official statistics in Ghana,
which are based on estimates - is that it is difficult to measure the level of reliability of the information.
Taking account of such insecurity, I have used triangulation, that is, multiple strategies of data
collection and analysis (Mikkelsen, 1995, p. 81-82). I have triangulated my primary data by having
different kinds of key informants. Methodological triangulation has been attempted by using three
different exploratory methods: semi-structured interviews with individuals, semi-structured interviews
with key informants, and observation. Where possible, secondary data has been used to crosscheck
information. I find my data reliable in the sense that it can be replicated by using the same methods as I
have presented here. Finally, to secure validity, i.e. the degree to which the findings are interpreted in a
correct way (Mikkelsen, 1995, p. 208), I will employ theory triangulation, using two different theories
to analyse the case study (cf. chapter 2.3.1).

To add to the primary data, evidence from secondary sources such as research documents and
publications on shea butter, statistics from Ghana, and official Government of Ghana strategies have been consulted. Secondary sources have generally been used to find facts on Ghana, gender, and shea butter. Some of this material has been gathered from the Internet or internationally published books and articles, but other documents, I have only come to know of through my contacts in Ghana. Due to the nature of the shea resource (not cultivated) and the general difficulty of finding reliable numbers/statistics in Ghana, it has been very difficult to account for the exact quantities regarding production and trade of shea butter, and most numbers presented are estimates. For instance, price information on shea nuts and butter remain inconsistent, since prices fluctuate across seasons and areas and no national averages have been available. Yet, due to the other kinds of data collected, the overall assessment of the situation is robust, and since the research is not based on quantitative data, the conclusions remain reliable. While the focus is on the single-case shea butter study other case studies of agricultural commodities (fresh fruit and vegetables, coffee, and cashew nuts) will be involved, and regarding these cases, data is derived solely from secondary sources (scientific articles). Thus, my secondary material have been applied to broaden the scope of the exploratory fieldwork and where possible to crosscheck information.

The information collected from interviews, observations, and secondary data will be synthesised in a case study. The data on the situation of shea butter producers will be subject to analysis using concepts from economic anthropology whereas the information on the international trade of shea butter (and other agricultural commodities) will be analysed by means of the global commodity chain framework.

3.4 Sum-up

Critical realism defines the science paradigm that underpins the research of this thesis (epistemology), namely that the world exists independent from our knowledge and thoughts about it, and has certain objective characteristics. These characteristics can be revealed through controlled methods for instance an intensive research methodology in the form of a case study. Furthermore, critical realism defines how the society is constituted (ontology). Critical realism emphasises part-whole relationships and avoids a dualistic, polarised social ontology i.e. opposing micro and macro levels or actor versus structure. This view is very much in line with Bourdieu’s thinking; Bourdieu considers the discussion between micro-rationality and macro-functionalism meaningless and stresses the interplay between actor and structure as well as micro and macro levels (Bourdieu, 2002, p. 34). GCC analysis also
integrates micro and macro levels but explanations tend to lean towards structures as the main forces of socio-economic dynamics. To counterbalance this bias, economic anthropology is included as analytic frame.

So, within the ontology of critical realism, the empirically disposed theories of GCC analysis and economic anthropology will be employed to analyse and qualify the case study of small-scale female shea butter producers. Together with a few other case examples of new tropical commodities, the analysis will lead to conclusions general to the product category of new tropical commodities. Along with these generalisable conclusions, the shea butter case study will also uncover causalities specific to shea butter production and trade. In addition to answering the research question, these conclusions and causalities will contribute to enhance the scope of the analytic frames employed.
3 Presentation of Case Study

In the following, the geography and input-output structure of shea butter will be thoroughly described. The purpose is to sketch out the commercial roles of shea butter and the context of small-scale shea butter production. The spatial dispersion of shea butter production and distribution will be described and two different commodity chains, namely the confectionary and the cosmetics chain, will be outlined. To understand the scope of the problem (how can small-scale female producers of shea butter in Northern Ghana obtain fair prices for their products?), some facts on the Ghanaian economy is included. In relation to the input-output structure, focus will be on small-scale producers and their context, for instance gender inequalities and cost/income structure of shea butter trade. Moreover, actors that can facilitate changes in the shea butter economy of Northern Ghana will be suggested.

3.1 Geography of Shea Butter

The geography of shea butter is outlined in a description of the countries that produces shea nuts and butter as well as their approximate output. As the focus is on Ghana, a closer look will be taken on relevant socio-economic conditions e.g. poverty levels and distribution of income between different groups in the country. Next, the export markets of shea butter will be delineated along with their global commodity chains.

3.1.1 Location of Shea Butter Production

The shea tree grows in West and Central Africa in the semi-arid Sahel Belt including Benin, Burkina Faso, Cameroon, Central African Republic, Ethiopia, Ghana, Guinea, Ivory Coast, Mali, Niger, Nigeria, Senegal, Sudan, Chad, Togo and Uganda. The shea tree flourishes best in the wild, and is not easily cultivated. Generally, planted seedlings, even if they grow into trees, tend not to produce usable nuts. Furthermore, it takes 20 years from the tree is planted until it produces fruit and 40-50 years until it reaches full production (WATH, 2002, p.1).

The countries engaged in large-scale shea butter trade are: Nigeria, Burkina Faso, Ghana, Mali, Togo, Benin, and Senegal. Total African production of shea nuts is estimated at 760,000 MT yearly, and about 50% of all shea nuts produced, are consumed in Africa (TechnoServe, 2004 + Lovett, 2004, p. viii). Since the shea tree is growing in the wild, it is difficult to account for the exact amount of shea
nuts picked per year. A substantial amount of shea nuts remain uncollected when they fall to the ground, an amount estimated to more than two times the volume picked (Niels Fold, 2003, p. 5). Thus, total production potential reaches over 2.5 million MT (Lovett, 2004, p.vii).

Figure 1: The Sahel Belt (TechnoServe, 2004)

Major Producers
Due to the difficulties of measuring shea nut production, the numbers presented are estimates of average yearly amounts of nuts harvested. Four countries account for about 600,000 MT (app. 80 %) of world shea nut production: **Nigeria** (370.000 MT), **Mali** (85.000 MT), **Burkina Faso** (70.000 MT) and **Ghana** (61.000 MT) (TechnoServe, 2004). **Nigeria** produces about 50% of global shea nut production, but tends to consume most of its shea nuts locally (TechnoServe, 2004). **Mali** has the largest under-developed area of shea parkland in the region, much of the potential lying along the little-travelled roads of the western part of the country. Recently, NGOs have started addressing issues of quality, product development and marketing (www.thesheanetwork.net). As foreign exchange earners, shea nuts and butter are relatively most important in **Burkina Faso**, where shea butter and nuts are the third most important export products after cotton and livestock. In 2000, exports of shea butter and nuts brought in US$ 7 million, and between 300.000 and 400.000 women were involved in the harvesting
and processing (Harsh, 2001, p. 6). The potential harvest of shea nuts in Burkina Faso is estimated to be as high as 850,000 MT.

Ghana is presently the largest exporter of shea nuts and butter and the biggest exporter of home produced shea related products in the region (Lovett, 2004, p. 8 + www.thesheanetwork.net). The shea tree is found all over the northern part of the country; indeed Tamale, the regional capital of the Northern Region, got its name from the shea tree, which is known as ‘tama’ in the local language (Ghana Tourist Board, 2004, p. 13). The harvest of shea nuts varies from year to year, but it is estimated that at least 50,000 MT of shea kernels are produced each year, of which 60 percent is exported in its raw form and about 40 percent is processed into shea butter (TechnoServe, 2001, p. 1). About 3,000 households are involved in the harvesting and processing of shea nuts (TechnoServe, 2004). In 2003, 66,997 MT of shea nuts were exported amounting to 16,746,386 US$ of foreign exchange, a substantial rise from 2002 where 27,623 MT were exported to a value of 6,125,464 US$. The considerable variation between these two years is probably due to fluctuations in demand, since the large foreign industrial buyers of shea nuts stock up for a couple of years. The export earnings of shea butter in 2003 was 1,567,424 US$ translating into 1.559 MT a decrease from 2,539 MT and US$ 2,584,282 in 2002 (Interview: Salifu A. Braimah). The fluctuating, yet generally rising trend of shea exports is depicted in figure 3 below.

**Figure 2: Ghanaian Shea Export Figures 1992-2002** (Lovett, 2004, p. 5)
It is estimated that the annual output could potentially be as high as 226,405 tons of shea nuts and 12,695 MT of shea butter (Interview: Salifu A. Braimah). Of all shea products exported annually from major shea producing countries, it is estimated that 82.5% is in the form of shea kernels. Current annual export of shea kernels from West Africa amount to app. 150,000 MT with an estimated value to producing countries US$ 30 million (Lovett, 2004, p. 2). Yet, “There would appear to be scope to expand exports of shea butter if technical, quality, and shipping constraints could be resolved in a cost-competitive manner.” (Lovett, 2004, p.ix). To comprehend the significance of non-traditional agricultural exports such as shea butter for developing countries such as Ghana, the Ghanaian economy will be briefly described in the following.

**The Ghanaian Context**

Ghana is situated in West Africa about 750 km north of the equator. The country covers 238,537 square km (around five times the size of Denmark). The population of Ghana in 2002 was estimated at approximately 20.3 million. The population growth is estimated at about 3 percent per year (www.um.dk), and since the mid-1980s the population has risen from 12 to 20 million (Financial Times, 2005).

**Figure 3: Map of Ghana including its regions** (www.ourghana.com/aboutghana/regions.php)
Ghana obtained independence from Britain in 1957 as the first colony in sub-Saharan Africa. During the following 35 years, Ghana experienced a number of autocratic regimes and military coups. After a democratization process beginning in the early 1990s, Ghana held its fourth consecutive democratic presidential and parliamentary election in December 2004. Ghana is administratively made up of 10 regions, which are divided into 138 districts, governed by partly democratically elected District Assemblies.

Ghana is a low-income, food-deficit country with an average GDP per capita of US$ 369 per year in 2003 (UNDP, 2005, p. 268). Ghana relies heavily on agriculture for employment and domestic income, and on gold, timber, and cocoa for export earnings. These three traditional export commodities account for 70 percent of total exports (EC, 2002, p. 7 + 11). Ghana ranks 138th of 177 countries in the UNDP Human Development Index 2005, and is thus in the low end of the index. Ghana received US$ 906.7 millions in official development assistance in 2003, which amounted to US$ 44.4 per capita or 11.9 percent of GDP (UNDP, 2005, p. 121 + 282). Persistent deficit financing resulted in a massive debt overhang that gave a ratio of external debt to GDP of 180 percent by the end of 2000 (EC, 2002, p. 12).

In 2001, Ghana applied for debt relief through the HIPC initiative and was accepted in February 2002. Subsequently the Ghana Poverty Reduction Strategy (GPRS) was presented outlining policies for 2003-2005. The targets of this strategy are to increase economic growth to an average of 8 percent by the year 2010 and to 5 percent over the 2003-2005 period. The latter goal has been reached with real GDP growth rate averaging 5.2 percent over the last three years with 5.8 percent in 2004 (www.worldbank.org).

More than forty percent of the population in Ghana lives for less than US$ 1 a day, and 78.5 percent below US 2 a day (UNDP, 2005, p. 228). The worst affected areas are situated in Northern Ghana. In 1999, nine out of ten people in the Upper East (88 percent), eight out of ten in Upper West (84 percent) and seven our of ten in Northern Region (69 percent) were classified as poor in accordance with Ghanaian standards (GPRS, 2003, p.ii). In Northern Ghana, levels of malnutrition are estimated at more than double the national average and infant and under five mortality is higher than in the south (GPRS, 2003, p. 17). Of the 10 regions, the Upper East, Northern and Central regions experienced

Northern Ghana, defined as Northern, Upper East and Upper West Regions, occupies nearly 41 percent of Ghana’s total land mass and is home to app. 20 percent of Ghana’s population. The population of Northern Ghana comprises several ethnic groups or tribes, which differ mainly in their customs and speak different dialects of Mole, yet have similar methods of livings and farming (Atengdem, 1998, p. 2).
increases in poverty levels during the 1990s (GPRS, 2003, p.15). Disparities in levels of poverty and the rate of poverty reduction are particularly evident between the north and the south and Accra and the rest of the country respectively (GPRS, 2003, p. 30).

Agriculture is the main economic activity in Ghana, generating around 36 percent of GDP and employing 55 percent of the population (EC, 2002, p. 11). Yet, due to factors such as poor infrastructure, lack of storage facilities and limited access to marketing chains, about 30 to 40 percent of Ghana’s agricultural produce is wasted every year. Furthermore, an estimated 1 percent of GDP is lost every year through soil degradation (Financial Times, 2005). Women are more active in agriculture than men, especially in food production. Actually, women are estimated to stand for 70 percent of agricultural production in Ghana (Jespersen, 1998, p. 100). Women are involved in processing most of the agricultural products e.g. gari, shea butter, groundnut and palm oils, fish, and cotton products (GPRS, 2003, p. 69 + 75). Among the different occupational groups, food crop farmers have the highest incidence of poverty. This is due to factors such as lack of access to markets, high cost of inputs and low levels of economic infrastructure (GPRS, 2003, p.ii). During the structural reform of the 1990s, subsidies were removed and guaranteed prices abolished, resulting in lower productivity and output. Also in Northern Ghana, agriculture is the mainstay of the economy and is undertaken more on subsistence than commercial levels (Atengdem, 1998, p. 3). The structure of the agricultural sector has remained more or less the same for at least the last 60 years: “the farming systems of most parts of Northern Ghana today are still as described in the studies of 6 decades ago. Animal traction has not yet caught on, the crop mixes are still the same, the small-sized hand hoes are still the major tilling tool, haulage of farm produce is still done on women’s heads etc.” (Atengdem, 1998, p. 3).

What can be learned from the economic facts on Ghana is that some groups are disproportionately affected by poverty and marginalisation. Even though Ghana is generally experiencing macroeconomic stability and economic growth, Northern Ghana is still significantly poorer than the Southern part. Of the occupational groups in Ghana, food crop farmers – a significant part being women - are the poorest. This is why obtaining fair prices for their products is crucial for the shea butter producing women of Northern Ghana. In order to find the most profitable market, the shea butter GCCs will be outlined below.
3.1.2 Shea Butter Markets

In Europe, the US, and Japan, shea butter is an important ingredient in the chocolate and cosmetics industries. The primary market for shea nuts and butter is the chocolate industry, where shea butter substitutes and supplements cocoa butter. In the cosmetics industry, shea butter is used as ingredient in skin moisturisers, sunscreens, conditioners, soaps etc. Shea butter has been shown to help with skin conditions and ailments such as extreme dryness, eczema, dermatitis, skin allergies, fungal infections, blemishes, wrinkles, stretch marks, scars, scrapes, and more (www.agbangakarite.com). Besides the chocolate/confectionary market and the cosmetics market, there is a local demand for shea. The reason why the local/regional trade is not analysed is that prices in these markets tend to be very low (cf. chapter 3.2.1) and demand is decreasing. The use of shea butter for skin care is not popular in urban markets where women prefer branded skin products, and as frying medium, shea butter has become more expensive than other cooking oils (Interview: Peter Lovett + Della Mumuni). “Shea butter is relatively expensive as frying medium compared to groundnut oil or Frytol [palm oil]” (Interview: Della Mumuni). Thus, the focus will be on the markets that offer the largest profit and growth potentials, namely the export markets. To be more exact, there are two export markets, which have distinct commodity chains as outlined in the following.

The Confectionary Market

Shea butter is used as a Cocoa Butter Equivalent (CBE) in the chocolate industry, offering technical advantages to chocolate producers as well as lower production costs. The use of shea butter in chocolate production secures a constant taste and appearance of the final product and the price of shea nuts is significantly lower than the price of cocoa (Fold, 2000, p. 101-102). In the EU, up to 5 percent CBE is allowed in chocolate whereas in the US, CBEs are not allowed in chocolate at all (Holzman, 2004, p. 1).

Confectionary Commodity Chain

 Nodes drawn in red may not always be part of chain transactions
In the above supply chain, shea nuts are often exported directly, in which case the female producers fall out of the chain. The nuts are purchased from the female pickers by local agricultural wholesale traders and independent agents who supply the trading companies that sell to overseas industrial customers. There are only two companies involved in large-scale shea trade in Northern Ghana namely Olam International and Kassardjian Industries. Furthermore, the state-owned organisation FASCOM (Farmers Services Company) has played a role as buyer and distributor of shea butter in Upper East Region. The offer price of the commercial traders is based on the price of overseas industrial customers whom they supply directly or via international trading companies. The industrial companies producing CBEs consist of less than five companies worldwide: Aarhus United (Denmark), Karlshamn (Sweden), Loders Croklaan (Netherlands/Malaysia), Fuji Oils (Japan), and Food, Fats and Fertilizers (India). On 29th September 2005, Aarhus United and Karlshamn merged and the two companies are now one, AarhusKarlshamn, which further strengthens the buyer oligopoly. The production of CBEs is technologically very advanced; hence, the entry barriers are high. However, intra-industry competition is vigorous (Fold, 2000, p. 99). At present, Aarhus United is the largest buyer of shea nuts, which is sourced from Mali, Burkina Faso, Togo, Benin, Cote D’Ivoire, Nigeria and Ghana. In addition to shea nuts, the industrial companies also buy shea butter in order to release capacity in their factories. Thus, the female producers of shea butter enter the supply chain. Independent agents or purchasing agents from Olam and Kassardjian buy the shea butter at local markets and sell to foreign trading companies and directly to industrial buyers. Alternatively, Kassardjian buys the shea nuts and bring in women to process at their premises in Tamale (Interview: Jean Banboukian).

From the oleochemical production plants in Europe, Japan, and India, CBEs are sold to chocolate manufacturers, an exchange that is governed by standards based on technical specifications. “CBEs are mass-produced in batches with standard specifications and they are also produced for individual customers demanding CBEs with particular attributes suitable for specific purposes, e.g. a characteristic coating or filling” (Fold, 2000, p. 101). The price structure of this chain is dictated by the struggles of chocolate producers to keep their costs as low as possible. Shea butter producers are paid around US$ 0.6 per kg of shea butter by purchasers at the local markets. Exporting companies/trade agents are paid around US$ 1 per kg by importers/industrial companies. The CBE manufacturers are reluctant to increase prices to a level ensuring steady and increasing supplies of shea nuts/butter. “Prices have rarely been competitive compared to prices (and labour inputs) of other cash crops and to the domestic use value of shea nuts” (Fold, 2000, p. 98). Moreover, the CBE chain is irrelevant when it
comes to the US market because of restrictions on chocolate ingredients. “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.” (Holzman, 2004, p. 1).

**Box 2: Aarhus United (AAU)**
The Danish company Aarhus United (now AarhusKarlshamn) is a major buyer of shea nuts in Ghana and has its own procurement office in Tema. AAU is not only engaged in CBE production but is also producing cosmetic and pharmaceutical products with shea butter as the active ingredient. Yet, this is a marginal product line compared to CBEs. At present, AAU only imports shea nuts from Ghana and no shea butter since supply and quality is too unstable. However, importing shea butter may be an opportunity to be considered in the future (Aarhus United, 2004).

**The Cosmetics Market**
The confectionary industry accounts for the majority of the export shea market, however, the share of the cosmetics industry has been rising recent years (TechnoServe, 2001, p. 2). The cosmetics companies are increasingly using shea butter in products such as anti-wrinkle creams, moisturizers for dry, sensitive and stretched skin, nourishing shampoos, sun lotion and lip balms: “What makes shea butter special compared to other vegetable oils and fats is its high unsaponifiable content\(^5\). While other oils and fats typically contain less than 1% unsaponifiable matter, shea butter contains 6%, comprising triterpenic alcohols, polyisoprenic hydrocarbons, sterols and tocopherols. It is here the secret of shea butter’s restorative and regenerating properties lies” (Aarhus United, 1999). Furthermore, there are no restrictions on shea butter imports to the EU or the US for the cosmetics industry. In the US, Ghana is included in the Africa Growth and Opportunity Act, and bulk shea butter is zero-rated (no tariff) (WATH, 2005, p. 4). Opposite the confectionary industry, there are no restrictions on the use of shea butter in cosmetics. In relation to the EU, Ghana is an ACP country and has duty and quota-free EU market access (Eurostep, 2004, p. 83 + Aarhus United, 2005).

\(^5\) A large group of chemicals that are credited with giving shea butter its therapeutic properties cf. Appendix F.
Cosmetics Supply Chain

Presently, the shea butter producing women are placed at the one end of a long supply chain. However, as indicated by the punctuated line, women’s producer groups can jump some of the nodes and deal more or less directly with cosmetics or pharmaceutical companies. Such arrangements are in place with the two mentioned companies. The Body Shop (UK) and African Vision (US) are supplied by women’s groups from Northern Ghana. Tungteiya Shea Butter Association supplies The Body Shop with shea butter from women’s groups in 12 different villages comprising of app. 300 women in Northern Ghana. The Body Shop acquires around 150 MT of shea butter yearly from the 12 women’s groups (interviews: David Mensah + Sara Clancy and Mark Davis). African Vision is a brand of skin- and hair-care products and is exported to the USA. The shea butter is procured via the NGO TechnoServe from women in Northern Ghana (interview: Hammond Kwaku Mensah). Even though some nodes of the chain are cut out, there is still a need for some kind of coordinating agencies (cf. chapter 3.2.2).

“Although, we used to view middlemen as an unnecessary part of the supply chain, foreign cosmetic firms cannot deal directly with women’s groups so there is a need for marketing entrepreneurs that can foster the linkages” (Interview: Peter Lovett).

Precise figures of shea trade are not available but it is widely recognised that the demand for shea butter to the cosmetics market experiences significant growth: “Right now, the market for cosmetics is exploding so we have to move fast to accommodate the demand” (Interview: Peter Lovett). Some estimate that total African export figures for traditionally produced shea butter in the cosmetics market has grown from less than 200 MT p.a. in 1994 to over 2,000 MT in 2004, which represents an annual average increase of 26 percent. Other experts in the industry have publicly offered figures as high as 8,000 MT p.a., and a projected demand from one US/EU based company supplying the cosmetics industry has been stated at over 4,000 MT of shea butter for 2005 (Lovett, 2004, p. 5). As mentioned,
Ghana is the largest exporter of small-scale produced shea related products in Africa. For 2004, a conservative estimate of shea butter exports for cosmetics could be 200 MT (Body Shop alone accounts for export of 156 MT of shea butter in 2004) compared to total shea butter exports around 2000 MT. That makes shea butter for cosmetics amount to 10 percent of total shea butter exports. Most of the shea butter supplied to the cosmetics industry goes through various middlemen on its way from rural producers to cosmetics companies. As one shea butter producing woman states: “I sell it [shea butter] in the Yendi market. The buyers are mostly Ashanti women who sell it on to Accra” (Interview: Sanatu).

The price structure of the chain is dominated by quality and branding considerations rather than cost reduction. Furthermore, the profit margins in the cosmetics industry are much higher than in the confectionary industry (Aarhus United, 2004). The cosmetics industry is highly branded and product diversification is crucial in this sector. One way to capture post-modern cosmetics consumers is by marketing organic and ‘fair trade’ products (cf. chapter 1.1). The shea butter produced by the women in Northern Ghana is both organic (no chemicals are used) and social responsible (given that the women are offered fair prices). There is a growing global market for ‘green’ or ‘natural’ cosmetics with an estimated growth of 10-20% per year (TechnoServe, 2004). The small-scale producers have an advantage over industrial plants in that the shea butter keeps its healing properties when processed manually, which is lost when extracting the oil chemically. Compared to factories with manual presses, small-scale production of shea butter has the advantage of being ‘fair trade’ and social responsible.

3.1.3 Sum-up

The tropical commodity shea butter is produced throughout the Sahel Belt of West and Central Africa. The largest exporting country is Ghana, which has experienced rising exports of shea nuts and butter during the last decade. The buyers of the globally traded shea butter are mostly situated in developed countries and belong to either the confectionary or cosmetics industry. The shea butter is usually sourced through various middlemen. As described, poverty levels in Ghana are high, especially in the Northern part of the country where the shea nuts grow and women in most communities produce shea butter. Thus, shea butter as export commodity and the prices offered for the shea butter can influence the livelihood of some of the poorest people in the country.
3.2 Input-output Structure of Shea Butter

The following chapter will describe the conditions of the shea butter producing women in Northern Ghana. Here, much of the empirical material gathered through interviews will be presented. It will be described how shea butter is produced by small-scale female producers, as well as the context of the production. This includes the knowledge, property rights, and income opportunities of the women as well as the cost structure of small-scale shea butter production. As small-scale production of shea butter is a female gendered task, some quantitative data on gender inequalities in Ghana will be incorporated where relevant. Finally, some actors that can possibly improve the conditions of small-scale producers of shea butter will be presented.

3.2.1 Small-scale Production of Shea Butter

Transforming shea nuts into shea butter is an arduous process and involves several stages. After collection, the nuts are boiled, sun-dried and shelled. Afterwards, the shea nut pickers usually sell the nuts at the local market. The commercial shea butter producers buy the nuts at the market and typically do the processing in their homes.

Figure 4: Traditionally Produced Shea Butter

To begin with, the nuts are crushed in a mortar with a pestle or an electric grinder, roasted, and then crushed into powder with a grinding stone or in an electrical grinding mill. The addition of water creates a paste, which requires kneading. The shea mixture is whipped by hand until the colour changes. The kneading process takes anywhere from one to three hours. When white spots appear,
warm water is added. This causes the shea fats to rise to the surface and separate from the non-oil partition. This foam is transferred to a bucket of water, where subsequent washings eliminate unwanted residues. The cleansing process - repeated as many as four times - yields progressively whiter foam, which is then boiled for many hours. The top layer is skimmed and upon cooling, becomes the ivory coloured shea butter (www.agbangakarite.com, www.globalization-africa.org).

Knowledge
The women of Northern Ghana possess the extensive knowledge required to process shea nuts into shea butter. “The slow progress from nut to butter requires the input of many heads and hands. Except in the smallest quantities, it is physically too difficult to process nuts by oneself. Efficient extraction, moreover, requires expert knowledge. The exact steps involved in butter processing depend on the age and quality of nuts and even on weather conditions. Knowing exactly what to do and when comes with years of observation and experience.” (Chalfin, 2004, p. 10). This specialized knowledge and capacity is transmitted from generation to generation, and most women in the Sahel region are familiar with shea butter production (Chalfin, 2004, p. 42). “All of them [women in women’s groups] know how to produce shea butter and does it when they are not engaged in other activities” (Interview: Della Mumuni). However, while the women possess expert knowledge in relation to shea butter production and other ‘environmental’ fields, they have few formal qualifications. The rural women of northern Ghana are predominantly illiterate, know no English and have no formal education. “The women are mostly illiterate. They do not have the capabilities to do accounts, inform themselves about price levels etc.” (Interview: Truelove Antwoi-Bekoe).

According to the Ghana Living Standards Survey Report 1998-1999, 44.1 percent of women as opposed to 21.1 percent of men have no formal education. The literacy rates are 62 percent for men and 36 percent for women. In all the north’s three regions, adult literacy is below 25 percent and significantly less for women (Financial Times, 2005). For every 100 women completing secondary school in rural areas, 440 males graduate in Northern Region, 247 in Upper East, and 190 in Upper West (GRPS, 2003, p.14 + 22). Thus, women in Ghana, and especially Northern Ghana, are generally less literate and educated than men.
Property Rights

The traditional processing of shea butter in Northern Ghana is exclusively a female domain and “the examination of shea raises important questions about the political economy of gender” (Chalfin, 2004, p. 7). Women hold the knowledge of shea location, tree history, and maturation of nuts and have the right to dispose over income generated from picking and processing of shea nuts. Women pick the nuts even though men typically own the farms on which the trees stand, and male lineage heads are the designated overseers of the bush where shea trees are found (Chalfin, 2004, p. 7).

In spite of constitutional provisions protecting women’s land rights in Ghana, women experience discriminatory customary practices as land users. Their interests in family lands are determined by marital status and depend on the goodwill of the husband or other family members. Women are often given land of poor quality and size. In Northern Ghana, inheritance and succession are generally determined by patrilineal descent and there are hardly any female independent title-holders of land. In Northern Region, only two percent of land holding farmers are women, the number is four percent for Upper East, and 30 percent for Upper West. The national average is 38 percent (MOFA, 2000). Thus, women may have access to land but not the rights of a landowner to choose the crops, to decide over the income generated, and of long-term control over the land. The consequences, among others, are that women have no secure benefits from improving the land and cannot use it as collateral when lending money.

Income Generation and Access to Cash

The livelihood of rural women is usually based on subsistence farming and access to cash is extremely limited. Shea butter production, however, can be a way to generate cash income as well as conserve cash by way of engaging in labour exchange (assistance is repaid with a woman’s own labour). As mentioned, shea processing is usually a group endeavour and commercial shea butter producers come together to create reciprocal work groups. Such groups facilitate larger-scale production and greater production frequencies and are a reliable source of access to labour and other means of production (Chalfin, 2004, p.61). The women share labour, tools, workspace, marketing (sell butter for one another in the market) and even cash, in the case of rotating loans or group savings. Furthermore, the production groups can form a basis when attempting to qualify for external assistance from NGOs or government agencies. Microcredit is typically only available for groups, and community development projects usually attempt to organise the beneficiaries in groups with an executive board, a secretary,
monthly or weekly meetings etc., as will be elaborated on in the following. Yet, even though production is arranged in a collective manner, products and profits are individually claimed. For these women, shea butter production is a commercial endeavour allowing them to participate in the market. Thus, “Rather than domains of female obligation, with respect to shea butter production, rural households emerge as sites where women control and concentrate labor, allowing them to endow resources with value and accumulate wealth.” (Chalfin, 2004, p. 25).

The fact that shea production can be fitted in with other agricultural and household chores is extremely important in the rural Ghanaian context. Unpaid labour on household level tends to constitute a major part of women’s daily workload. Domestic work includes repetitive and time-consuming tasks such as collecting fuel wood, fetching water, childcare, sweeping, garbage disposal, and cooking. In general, women’s time burdens are 15-30 percent higher than men’s, largely due to women’s commitment to childcare and housework (Ghana Statistical Service, 2000). Inadequate infrastructure, especially water supply, also curtails women’s productivity. In the dry season, women spend as much as seven hours of the day fetching water (SEND Foundation, 2003, p. 2). In addition to domestic work, women are engaged in nonwaged work when labouring on the plots of other household members (Chalfin, 2004, p. 227). Thus, women’s possibilities of engaging in income generating activities are limited, and shea butter production is one of very few options of earning cash income.

**Cost Structure**

Shea butter production can be a way to generate income for women in the poor Northern part of Ghana. However, even though the labour input is high and the product has substantial profit potentials, the price the women obtain for their produce in local market places is meagre. At present, it is difficult for the female shea butter producers to make a profit. For an 80 kg bag of shea nuts, the price is US$ 9-20 at the open market. Grinding a bag of shea nuts costs at least US$ 2 and the firewood needed to produce the shea butter will amount to minimum US$ 1. Furthermore, the women will have to pay for water (in terms of investing her own labour) to process the shea nuts and for transport to the market place. Finally, if she is part of a micro-credit programme, the shea butter producer will have to pay interest and instalments on the loan. The 80 kilos of shea nuts can be processed into 25-40 kilos of shea butter. Sold at the open market this amount of shea butter will fetch the women US$ 15-30. This leaves

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90,000-200,000 Ghanaian cedis. I am using the exchange rate of late 2004 to early 2005, which was app. 1US$=10,000 cedis.
the women with a profit of around US$ 0.1 per kilo of shea butter. Yet, shea butter can also yield relatively high profits to the female producers. The Body Shop pays around 1.5 US$\!/kg of shea butter and in such cases, profits for the individual women can be as high as 0.9-1.2 US$/kg\(^7\) of shea butter. That is around ten times the profits of shea butter sold in the local market places.

Retail prices of shea butter for buyers in the cosmetics industry vary depending on quality and outlet. “Traditional butter, with certified quality and origin assurance, is wholesaled in the US for US$ 10-15 per kg and over US$ 250 per kg for pure shea butter sold in 5 oz ‘luxury’ containers” (Lovett, 2004, p. 7). In Europe, L’occitane sells pure shea butter in 2 oz containers for 15 US$ (US$ 265 per kg) and The Body Shop sells its shea body butter (shea butter, cocoa butter, babassu oil, beeswax) for 100 US$/l (130 Dkr per 200 ml). Thus, shea butter producers receive only a negligible fraction (usually less than 1 US$/kg) of what the end consumer pays for the product, which in the cosmetics industry could be more than US$ 250 per kilo. For the shea butter producing women to gain a share of the profits in the cosmetics industry, some structures must be changed and this process can be spurred by relevant actors in the shea butter economy.

3.2.2 Other Actors in the Shea Economy of Northern Ghana

There are a host of actors involved in the shea butter economy of Northern Ghana, and some of them may have the capacities to increase the gains of small-scale shea butter producers. For instance, a view that is often aired in the interviews is the need of training and improved processing technologies e.g. “They [shea butter producing women] can obtain better prices through collective marketing and improved quality. The latter can be obtained by means of training and appropriate technology (…)” (Interview: Joshua Yidana). The actors that have the resources to intervene comprise in broad terms of NGOs, private companies, and government agencies.

NGOs

Aid for Development (Aford)

Aford has been providing women’s groups with micro-credit since 1999. The organisation supports 19 groups comprising of 465 women situated in 9 communities around Tamale. Aford gives micro loans to enable the women to buy shea nuts for processing. The women usually produce and sell individually at

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\(^7\) Due to access to grinding machines and storage, reduced transport costs etc.
the open market. Each group consists of 18-35 women and loans are given in the name of the group, which has a common bank account and does budgeting and bookkeeping. Mostly, the women are illiterate so each group picks a male to be their secretary (a relative/community member). Aford provides training for the women e.g. bookkeeping, marketing skills, packaging, and cost calculation. Furthermore, the organisation is searching for foreign buyers for the shea butter, but has yet not found any. If an order was placed one woman can on average process one bag (80 kg) of shea nuts per week. The production of shea butter is supervised by Aford to ensure the quality of the butter. The loans provided are relatively small, 200,000-500,000 cedis (US$ 20-50) and must be paid back over 10 months with an interest rate of 20 percent. (Interview: Della Mumuni).

**Christian Children’s Fund of Canada (CCFC)**

CCFC has established women’s groups whom they provide with credit to engage in income generating activities such as shea butter production. CCFC has groups in 44 communities and there are shea producing women in all the communities. Five of the communities are situated within the Tamale municipal area, the rest are in rural areas. Each group consists of 20-30 women. CCFC educate the women about the importance of saving and other business skills such as how to start a business, how to calculate costs, how to price their produce etc. Each group has an animator, i.e. a person from the community that can read and write and who is chosen by the group. The loans are provided to the group but the production of shea butter takes place individually. CCFC is trying to find a shelter for the women where they can produce together and store shea nuts and shea butter. Some of the women’s groups have access to grinding machines in their communities, but sometimes the women have to travel far to get nuts grinded. CCFC is working on getting funding to provide grinding machines for those communities. CCFC has also sent samples of the shea butter produced by the women to Canada in order to find buyers in the cosmetics industry. In 2005, CCFC planned to buy shea nuts in bulk just after the harvest (May-September depending on location) to sell to the women’s groups at low prices throughout the year. CCFC claims they can easily sustain big orders for shea butter, since they are working with around 900 women (both Muslim and Christian). If the profits are good, most of these women can be engaged in shea butter production because they know the craft already. The women usually process one bag of shea nuts per week, which results in 25-40 kg of shea butter. The loans amounts to 500,000-1,000,000 cedis (US$ 50-100) per person over a period of 6 months and are paid back via monthly instalments. The interest rates are 20 or 30 percent p.a. (Interview: Joanna Akonsi Teviu).
Community Life Improvement Programme (CLIP)
CLIP supports women’s groups with micro-loans enabling them to do income-generating activities e.g. shea butter production. CLIP is funded by the Ghana Friendship Groups in Denmark (www.ghanavenskabsgrupperne.dk). The women are trained in managing a business, for instance how to calculate costs and prices in order to assure a profit and how to keep records. The women are also trained in quality improvement by means of training workshops. CLIP supports 29 women’s groups of 24 women (app. 700 women). The women’s groups have a secretary who is usually a literate male from the community e.g. the assemblyman. CLIP is searching for buyers for the shea butter producing women but has yet not found any. At present the women sell their produce at the local marketplaces. CLIP envisages supporting the women’s groups until they become self-sustainable. (Interview: Judith A. Seidu)

Christian Mothers’ Association (CMA)
CMA is a Catholic women’s organisation, which is working with community women (both Muslim and Christian) to train them in producing quality shea butter. The women are employed for two years. They receive training in functional literacy (so they know how to weigh their shea butter) and in how to produce quality butter (e.g. wash the nuts before processing, proper roasting without burning the nuts, using plenty of water). When they graduate they receive the capital they have saved during the two years, enabling them to start up their own business. CMA carries out such activities in Tamale (Vittin), Yendi, Bolgatanga, Navrongo and Wa involving around 100 women. CMA delivers 20 MT of shea butter every second month to a buyer that transports the butter to Tema and exports it to the chocolate industry. This buyer pays 8.200 cedis (US$ 0.8) per kg of shea butter, which just barely yields a profit (0,02-0,1 US$/kg). In Vittin, the women work in producer groups of five in a processing centre where CMA has put up structures for storing nuts and butter and has bought two grinding machines and a kneading machine. The funds for these assets have been provided in the form of a loan from Japan International Cooperation Agency (JICA). The profits from the sale of shea butter are administered by CMA: 10 % compulsory savings for the women, 5 % welfare (paid every month to the women), 30 % salary for the women, 35 % loan repayment for JICA, 10 % for maintenance of equipment, 10 % for organisers (CMA). Presently, only 16 women are employed due to lack of market opportunities for the shea butter. The groups of five each process five bags (â 80 kg) of shea nuts every week (five days of work) into 25-28 kg of shea butter per bag. CMA ensures quality by supervising the production of shea butter. Furthermore, samples of the butter are tested for Free Fatty Acids (FFA), which must be 2-6 %
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(cf. appendix 4). CMA is planning to continue the project and expand if the demand is rising. “If the market was there we could employ many more women and deliver larger amounts e.g. 20 MT per week or month” (Interview: Paulina Krah Kumah). CMA has been working with shea butter production for more than ten years and is registered by the export board (under COCOBOD) and thus permitted to export. (Interview: Paulina Krah Kumah).

Market Access Promotion Network (MAPRONET)

MAPRONET is a NGO formed in 2001 by Oxfam GB, and is placed in Tamale. MAPRONET has three main areas of activities. Firstly, they engage in capacity building of poor, small-scale producers e.g. producers of cocoa, shea nuts/butter, vegetables, coffee, baskets, pottery, cloth, and furniture. MAPRONET trains producers in business skills and in product improvement often via local NGOs (training of trainers). Secondly, in cooperation with other NGOs, MAPRONET does advocacy work and lobbies policy makers on trade and investment. Thirdly, the organisation disseminates information about market trends and best practices and tries to organise linkages between producers and markets. The latter is done by arranging spaces in trade fairs and brokering linkages for trade both locally and internationally. MAPRONET has four shea producing member groups. Two groups are placed in Northern Region and two groups are in Upper East Region. The groups are supported by Aid for Development (Aford) in Tamale and Trax Programme Support based in Bolgatanga. One hundred and eighteen women from Bolgatanga exported 20 MT of shea butter to the USA and UK in 2004, compared with just 3 MT in 2002. If funding is obtained, MAPRONET is planning to increase focus on shea butter processing from May 2005.

(Interview: Truelove Antvoi-Bekoe)

TechnoServe

TechnoServe is a non-profit international business development organisation supported by USAID (www.technoserve.org). They are involved in developing appropriate technologies for women producing shea butter in order to improve the quality of the shea butter and reduce the drudgery of the women. Furthermore, they procure shea butter for the Ghanaian company Haymor Cosmetics in Accra and for an American company producing a brand of shea based skin- and haircare products sold in the US (African Vision). TechnoServe pays the women 0.8-0.9 US$/kg of shea butter when procuring for these companies, but orders are quite irregular. (Interview: Hammond Kwaku Mensah).
The Shea Network (SN) and Projet d'Appui Technique à la Filière Karité (ProKarité)

The Shea Network was established as an outcome of an international workshop on shea processing and trade held in Dakar in March 2002 with stakeholders from all 16 shea producing countries in Africa. SN is an informal network of shea butter producer groups, marketing associations, support organisations and other shea stakeholders. SN is committed to work for improved shea butter production, based on decentralised, small-scale production with maximum ownership and management by rural women. SN focuses on quality and on serving local needs for shea nuts and butter before attending to external markets. Finally, SN concentrates on conservation and sustainable management of shea trees and woodland. These objectives are to be obtained through collective action of network members and exchange of practical information. (www.thesheanetwork.net).

ProKarité is connected to the Shea Network and was initiated by the Common Fund for Commodities under the UN. A primary objective of the project is to establish a regional and international consensus on issues of shea product quality, both of shea nuts and shea butter, as a basis for enhanced traceability along the supply chain. In October 2004, the ProKarité project brought together over 100 participants drawn from each of the 16 shea-producing countries across Africa for a Regional Consultative Workshop in order to identify common issues, concerns, and technical constraints. The objective was to build a regional consensus on key technical issues of shea product quality, and to construct an institutional basis upon which a regional product certification system may be established (www.prokarite.org). A pilot project has begun in Burkina Faso, Mali, Senegal, and Niger in 2004, focussing on development of 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 international trade (Holzman, 2004, p.iv).

The West African Trade Hub (WATH)

WATH is a USAID financed centre established to enhance West Africa's trade competitiveness. WATH has recently chosen shea butter as a focus area. WATH is presently organising training for shea butter entrepreneurs and participation in a US trade show. A database of interested shea importers and buyers in the US is also being developed. Furthermore, suggestions for WATH’s strategy on shea butter include improvement of processing methods, training of producers, facilitation of producer organisation, and the development of a certification system (Lovett, 2004, p. 20-23 + Holzman, 2004, p. 11-17).
Private Companies and Associations

The Body Shop (BS)

In 1992, Anita Roddick who is the founder of The Body Shop8 visited Northern Ghana when doing a TV documentary about female entrepreneurs. She discovered the advantages of shea butter and linked up with a woman’s group in a shea-producing village. In 1994, the first order of five MT shea butter was placed in this village, which is still providing BS with shea butter. Since then, BS has expanded to include 12 villages in Northern Ghana and is sourcing 150 MT of shea butter per year.

BS cooperates with four different organisations around the sourcing of shea butter: Tungteiya Shea Butter Association, Northern Ghana Community Action Fund (NOGCAF), Northern Empowerment Association (NEA), and GETRADE. Tungteiya is managing the production of the shea butter in the villages making sure to deliver the amounts requested by BS. Tungteiya sources from both Tungteiya producer groups and affiliated groups. The affiliated groups graduate to Tungteiya groups over time. The Tungteiya board decides if and when a producer groups should be graduated. The Tungteiya board consists of seven members, two men (including dr. Mensah, director of NEA) and five women. Tungteiya Shea Butter Association consists of 12 women’s groups in 12 different villages around Tamale. Each of the groups has a leader, a secretary, and a treasurer. The secretary is most often male, since most of the women are illiterate, but he is chosen by the women who pick someone they trust. All the groups possess a grinding mill and a shelter where the mills are situated and the butter is stored. They can also produce collectively in the shelter. The shelters and the grinding mills are provided by BS. Each group produces app. 1 MT of shea butter a month. Over the last 4 years the amount of shea butter sourced by BS has increased from 70 to 156 MT a year (45 percent increase). As of December 2004, BS paid 14,670,000 cedis per ton of shea butter (app. 1,5 US$/kg). On top of that, BS paid US$ 7,824 for a common fund -NOGCAF - for community improvement (the size of this amount depend on how BS’s business is going). The fund was established because the cooperation with BS initially benefited only the women in the women’s groups, which lead to discontent in the villages. Thus, NEA suggested that BS should make a common fund for community projects. This fund has so far been used to provide boreholes, clinics, schools, sanitation, nurseries etc. NEA was initially involved with BS and Tungteiya in 1996. NEA is working as a link between Tungteiya Shea Butter Association and BS and is in charge of the logistics in Northern Ghana. NEA owns a truck that picks

8 The Body Shop is a UK based cosmetics company with over 2000 retail outlets in 50 countries and retail sales of GBP 700 million in 2004 (Body Shop, 2004, p. 1)
up the shea butter in the villages (20 minutes to three hours away from Tamale) and possesses the computers, internet connections, phones, and bank accounts. NEA also checks the quality of the shea butter and brings packaging materials to the women in the villages. Since the shea butter is further refined in Holland, the butter is not quality checked in terms of unsaponifiables in Ghana. BS pays around US$ 300 to NEA for transporting each batch of shea butter from the villages to the port in Tema. The shipping out of Ghana is managed by GETRADE. GETRADE is a procurement company linking Ghanaian producers with foreign firms primarily in the art and crafts industry. GETRADE manages the logistics from Ghana to Holland where the crude shea butter is industrially concentrated before sent to the UK and the US and processed into the final products. GETRADE is also arranging the pre-financing of the shea butter, transferring money to the women’s groups when BS places an order.

Thus, BS deals directly with NEA and GETRADE, whereas Tungteiya and NOGCAF operate relatively autonomously of BS. Over time the number of intermediaries is likely to reduce and eventually BS may deal directly with Tungteiya, but there will probably still be a need of a local agent to manage the logistics. (Interviews: David Mensah + Sara Clancy and Mark Davis + Stella Nitori).

**Union des Groupements Kiswendsida (UGK)**

The Union des Groupements Kiswendsida is only active in Burkina Faso but could serve as inspiration to build similar organisations in Ghana. UGK is one of several marketing associations (unions des groupements) concentrating on shea in Burkina Faso. UGK is a network of more than 100 female shea butter producer groups with around 5,000 members. The UGK has been training the women in more efficient collecting and processing techniques and has been searching for buyers for the shea butter. The French cosmetics company L’Occitane buys its shea butter directly from UGK and purchases around 60 MT of shea butter yearly. Furthermore, the company provides the shea producing women with training in quality control and pays for the shea butter in advance. The contact between UGK and L’Occitane was brokered by UNIFEM in 2001. (Harsch, 2001 + UNIFEM, 2000).
Government Agencies and Policies

Cocoa Marketing Board (COCOBOD)

COCOBOD used to be the most important marketing board in Ghana controlling the sale and export of cocoa, coffee, and shea nuts. Prior to the liberalisation of shea trade in the early 1990s, the Cocoa Marketing Company (formerly the Produce Buying Company) under COCOBOD purchased shea nuts for export. In 1991, the internal and external trade of shea nuts and butter was privatised. Yet, COCOBOD still states as one of its objectives: “To secure the most favourable arrangements for the purchasing, inspection, grading and sealing, certification, sales and export of cocoa, coffee and sheanut.” (www.cocobod.gh). The Cocoa Research Institute of Ghana (CRIG) under the auspices of COCOBOD holds the mandate for research on the shea resource, which is mainly taking place at a field station near Bole in Northern Region. However, COCOBOD’s main concern is cocoa and it does not carry out any promotion or quality control of shea butter. Chalfin claims that state influence in relation to shea is most evident in what it has chosen not to do: not to privatise cocoa marketing and not to promote shea abroad (Chalfin, 2004, p. 223). That is, COCOBOD is affiliated primarily with Southern Ghana and cocoa production and more or less neglecting Northern Ghana and shea nuts and butter. “At present COCOBOD does not seem to be interested because there is no funding attached to shea research (...) COCOBOD is a southern institution designed for cocoa promotion, which is a crop of the South and I think it would make more sense to have a northern organisation working with shea as a resource of Northern Ghana.” (Interview: Peter Lovett).

Ghana Standards Board (GSB)

The GSB is the national statutory body charged with the development and enforcement of standards to promote quality in trade and industry. This embraces metrology, standards setting, testing and quality Assurance. The GSB is under the Ministry of Trade and Industry. The GSB has promulgated approximately 160 Ghanaian standards and adopted over 300 foreign standards for certification purposes. These standards cover a wide range of products. There is a special emphasis on inputs for non-traditional exports (www.moti-ghana.com/related_agencies.htm). For instance, the GSB can quality test shea butter (Interview: Salifu Braimah 2).

The Ghana Poverty Reduction Strategy (GPRS)

The GPRS presents many measures to be taken to increase agricultural productivity and gainful employment for small-scale producers. These include improving storage facilities, increasing and
maintaining feeder roads, breaking up monopolistic marketing channels, and standardization and quality control (GRPS, 2003, p.79-82). Furthermore, support for agro-processing is suggested e.g. in the form of micro-credit and training (GRPS, 2003, p. 86). Regarding action, the most significant step taken by the government is the road improvement programme with expenditures of US$ 1.3 billion in the last five years (more than half the country’s development budget). Yet of Ghana’s 40,000 km road network, 49 percent remains in poor condition (Financial Times, 2005).

3.2.3 Sum-up

The conditions of women in the poor northern part of Ghana are extremely rough. The women possess valuable 'environmental’ knowledge but few are literate and have official education. In relation to property rights, women experience discriminatory customary practices as land users, which limits their opportunities of income generation and access to cash. This is exacerbated the burdens of unpaid labour in the household and in agriculture. Against this background, small-scale shea butter processing offers an opportunity of income generation and cash conservation. Yet, the cost structure of small-scale shea butter production offers very small profits when shea butter is sold in local market places. Alternative venues such as direct linkages with buyers in the cosmetics industry seem more promising. Several actors e.g. NGOs, government, and companies can play a role in securing higher prices for the shea butter producing women. How the local and global agents and dynamics play together will be subject to analysis in the following chapters.
4 Global Economic Networks

4.1 The Global Commodity Chain Framework

The economic trajectory of shea butter from small-scale producers in Ghana to consumers in the North is determined by the structure of global economic networks and by certain socio-economic dynamics. The ‘Global Commodity Chain’ (GCC) framework will be used to analyse the economic structures and the consequences for shea butter producers. In the following, an outline of global commodity chain analysis will be presented, including the aspects considered most relevant for the ensuing case analysis.

4.1.1 Definitions

A variety of overlapping terms have been used to describe the complex networks of economic relationships that form inter-firm trade in the global economy. These include supply chains, global commodity chains, and global value chains. Supply chains signify a generic label for an input-output structure of value-adding activities, beginning with raw material and ending with the finished product. Global commodity chains entail an emphasis on the internal governance structures of supply chains and on the role of diverse lead firms in setting up global production and sourcing networks as well as the potential upgrading of subordinate chain participants. And finally, global value chains highlight the relative value of those activities that are required to bring a product or service from conception through the different phases of production (involving combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use (Gereffi, 2001b, p. 3). These conceptions of global economic networks are all relevant when applying the analytical framework but since focus in this thesis will be on governance and upgrading in relation to agricultural commodities, the term global commodity chain (GCC) will be preferred throughout the thesis.

4.1.2 Origin and Development

During the 1990s, global commodity chain analysis was developed by Gary Gereffi and others within a political economy of development perspective, derived from world systems theory \(^9\), which is in turn is an extension of dependency theory (Raikes, 2000, p. 391-92). GCC analysis, like dependency theory,

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\(^9\) Hopkins and Wallerstein argue that within a commodity chain a relatively greater share of wealth will generally be accumulated in core nodes than in periphery nodes, because competitive pressure is often less pronounced in the core than in the periphery. Thus, according to this argument, enterprises in the core will gain a competitive edge through innovations that transfer competitive pressures to peripheral areas of the world-economy (Gereffi, 1994b, p. 2).
addresses the issue of who controls global trade and industry, and how they do so, and with what consequences for producers in developing countries. “But while dependency theory sought the answers to these questions in the nexus between compliant Third World states and an increasing concentration of global economic power in transnational corporations (TNCs), GCC analysis seeks it in the link between the rise of a specific group of economic agents (branded merchandisers and large retailers) and the elaboration of globally dispersed trade-based production networks.” (Daviron, 2002, p. 141). Thus, economic power in GCC analysis is associated with system (chain) coordination rather than with concentration of ownership of productive resources.

According to Gereffi, “the analysis of GCCs provides a bridge between the macro-historical concerns that have usually characterized the world-systems literature, and the micro-organizational and state-centered issues that have stimulated recent studies in international political economy.” (Gereffi, 1994b, p. 9). Another feature of GCCs is that they are not static but change along with the world economy and may be redefined over time (Gereffi, 1994b, p. 115).

### 4.1.3 Governance Structures

Gereffi has identified four main components of GCC analysis: an input-output structure (i.e. a set of products and services linked together in a sequence of value-adding economic activities), a geography (i.e. spatial dispersion or concentration of enterprises in production and distribution networks), an internal governance structure, and institutional structures/organisational frameworks (Gereffi, 1994b, p. 7 + Gibbon 2001b, p. 60). The two first dimensions are used descriptively to outline the configuration of specific chains and one of the main innovations of GCC analysis is that these are considered to be shaped by the nature of the lead agent in the chain. The lead agent is identified by analysing the internal governance structure of the chain i.e. analysis of where power is situated in the GCC. In relation to internal governance structure, a second innovation of GCC analysis is introduced, namely the differentiation between two different kinds of chains: (1) the producer-driven GCC and (2) the buyer-driven GCC (Gibbon, 2003, p. 1811). (1) “Producer-driven commodity chains are those in which large, usually transnational, manufacturers play the central roles in coordinating production networks (including their backward and forward linkages). This is characteristic of capital- and technology-intensive industries such as automobiles, aircrafts, computers, semiconductors, and heavy machinery.” (Gereffi, 1999, p. 1). (2) “Buyer-driven commodity chains refer to those industries in which large retailers, brand-named merchandisers, and trading companies play the pivotal role in setting up
decentralized production networks in a variety of exporting countries, typically located in the Third World. This pattern of trade-led industrialization has become common in labor-intensive, consumer-goods industries such as garments, footwear, toys, consumer electronics, housewares, and a wide range of hand-crafted items.” (Gereffi, 1994b, p. 97).

According to Gereffi, buyer-driven and producer-driven commodity chains are viewed as contrasting poles in a spectrum of industrial organization possibilities (Gereffi, 1994b, p. 99), a dualism that is extended in the global value chain framework, which will be elaborated on below. In the case of buyer-drivenness, buyers will set standards and prices. The barriers of entry to the buyer node include investment costs of market information, product design and development, advertising, and electronically based supply management systems. Profits in buyer-driven chains derive not from scale economies and technological advances as in producer-driven chains, but rather from unique combinations of high-value research, design, sales, marketing, and financial services that allow the buyers and branded merchandisers to act as strategic brokers in linking overseas producers and traders with evolving product niches in their main consumer markets (Gereffi, 1994b, p. 99). Chain coordination in these chains is typically directed from the North, since this is where buyers, merchandisers, and affluent consumers are situated.

Gereffi has recently evolved global commodity chain analysis into global value chain (GVC) analysis drawing on three streams of literature: transaction costs economics, production networks and technological capability, and firm-level learning. Three different varieties of global value chains are introduced: modular value chains, relational value chains, and captive value chains (Gereffi, 2003, p. 5). Within the framework of industry organisation, these are placed in a spectrum of explicit chain coordination with markets as the least coordinated and hierarchies (integrated firms) as the most, and with the three varieties of global value chains in-between (Gereffi, 2003, p. 4).

According to this theory three variables determine the patterns of value chain governance and change (Gereffi, 2003, p. 6):

A. The **complexity** of information and knowledge transfer required to sustain a particular transaction, particularly with respect to product and process specifications.

B. The extent to which this information and knowledge can be **codified** and, therefore, transmitted efficiently and without transaction-specific investment between the parties to the transaction.
C. The capabilities of actual and potential suppliers in relation to the requirements of the transaction.

If these three factors are allowed only two values — high or low — then there are eight possible combinations, of which only the above-mentioned five are actually found. These five types are illustrated in table 2 below. It is stressed that these are analytical not empirical types although they have in part been derived from empirical observation (Gereffi, 2003, p. 5).

**Table 2: Key Determinants of Global Value Chain Governance**

<table>
<thead>
<tr>
<th>Governance Type</th>
<th>Complexity of transactions</th>
<th>Ability to codify transactions</th>
<th>Capabilities in the supply-base</th>
<th>Degree of explicit coordination and power asymmetry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Modular</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Relational</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Captive</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Hierarchy</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Gereffi, 2003, p. 8.)

The concept of governance in GCCs can be defined as non-market coordination of economic activity where lead firms directly or indirectly influence the organisation of global production as well as logistical and marketing systems. “Through the governance structures they create, they take decisions that have important consequences for the access of developing country firms to international markets and the range of activities these firms can undertake” (Gereffi, 2001b, p. 4). However, governance structures are not given and stagnant. Firms and other actors reproduce or transform relations over time, which influence how economic activities are configured throughout the chain. “The value chain perspective emphasises that a great deal of trade is conducted through networks of firms. Therefore, developing new products or roles involves changing relationships within networks. One important element in value chain analysis is to identify actors in chains and the governance structures that regulate relations between them.” (Humphrey, 1999, p. 2).
4.1.4 Upgrading

The fourth component, the institutional/organisational framework, relates closely to the issue of upgrading of subordinate GCC agents. The institutional framework surrounding a chain concerns conditions under which control over market access and information are exercised on a global plane. This includes structures and processes for lead agents’ transmission of information upstream to suppliers, and suppliers’ opportunities for organisational learning (Gibbon, 2003, p. 1811). Thus, it can be analysed if/how subordinate participation in a GCC may provide indirect access for small producers to markets, technologies, and knowledge at lower costs than they would otherwise face, thus improving their profits and position of power.

So, the question is to what extent the upgrading of small-scale shea butter producers is facilitated by the participation in global commodity chains. It is argued that those producers who gain access to the chains’ lead firms tend to find themselves on a steep learning curve. Lead firms may spur cost-reduction, increased quality and speed, and improved skills by transmitting best practices and provide hands-on advice. “It is this combination of high challenge and high support that is often found in the highly governed chains” (Humphrey, 2001, p. 20). This tendency is particularly evident in relation to branded lead firms. “Because brands\(^\text{10}\) stand for high quality or well-defined images, lead firms need to define and enforce product and process parameters” (Humphrey, 2001, p. 27). Some evidence suggests that buyer-driven producer upgrading favours mainly larger-scale producers and marginalises small-scale producers, yet, does not necessarily undermine poverty-reducing effects (Humphrey, 2004, p. 14).

Previously, upgrading issues have primarily been addressed in relation to manufacturing and thus industrial upgrading in developing countries, e.g. Gereffi’s extensive research on apparel. Yet, some work has also been done on agricultural products and this thesis will further expand GCC analysis in relation to tropical commodities. Generally, it is possible to distinguish between three different types of upgrading: product upgrading (making better things), process upgrading (doing things better) and functional upgrading (managing other functions). Product upgrading in relation to agriculture would be producing new forms of existing commodities. One example is gene-manipulated food crops with its savings on inputs and increased outputs (Gereffi, 2001a, p. 353). Secondly, producers can engage in process upgrading, which usually suggests localisation of commodity processing. If primary

\(^{10}\) Brands are the information – whether real or imagined, intellectual or emotional – that consumers associate with a product (Gereffi, 2001a, p. 33)
commodities are already being processed, process upgrading involve better processing methods and higher quality e.g. in the form of organic certification. Finally, producers can aim at functional upgrading, that is moving into higher value-added stages in the chain, like design or marketing (Schmitz, 2000, p. 181).

Gibbon suggests that **government intervention** is needed to facilitate localisation of commodity processing in developing countries (process upgrading). In an environment of economic liberalisation, Gibbon is sceptic towards the role of government, but proposes some types of public action that have had demonstrable effects, remain politically and financially ‘realistic’, and which rest on a rationale based on GCC theory. These include: provision of a functioning credit system, a duty drawback system on imported inputs, initiatives to promote links between local exporters and international lead firms, and a system of export quality control and export coordination (Gibbon, 2000, p. 56). Upgrading in relation to processing is likely to have positive effects on social inclusion especially when labour intensive processing methods and technologies are employed (Gibbon, 2000, p. 54). Furthermore, “Upgrading into processing which preserves and makes use of a commodity’s possible locally-specific assets (particularly quality-based ones), for example local roasting of premium grade coffees, is more likely to provide a viable long term global market platform than upgrading into processing of products for higher-competition and more price-sensitive market segments (e.g. the global instant coffee market)” (Gibbon, 2000, p. 54).

Hence, GCC analyses tend to place power and upgrading potential with core/lead firms (Gereffi) or with state institutions external to rural socio-economic structures (Gibbon). In addition, upgrading potential can be related to **quality concepts and conventions**. Convention theory originates from ‘new institutional economics’ and ‘transaction costs’ theories. It is based on the assumption that for markets to function in an environment of information asymmetries, there must exist a common ‘language’ between participants based on agreed quality criteria. It is the establishment of prevailing quality criteria and corresponding formal standards that enables actors to trade in large volumes and without tangible exchange in time and space (Fold, 2000, p. 95). Thus, conventions can be defined as a broad group of mutual expectations (Ponte, 2005, p. 6).

Four analytically separable regimes of quality criteria are proposed under convention theory (Raikes, 2000, p. 408 + Ponte, 2005, p. 8):
1. In *domestic* co-ordination, uncertainty about quality is solved through trust (long-term relationships between agents or use of private brands or geographical indications, which signal the reputation of products). In this case, the definition of quality is resolved internally, and the identity of a product is guaranteed or institutionalised in the repetition of history by its region or country of origin.

2. In *industrial* co-ordination, uncertainty about quality is solved through the actions of an external party, which determines common norms or standards and enforces them via instrument-based testing, inspection, and certification.

3. In *market* coordination, differences in price are equated with quality, and price is the main market management form. Therefore, there is no uncertainty about quality, and prices are sufficient indicators.

4. In *civic* coordination, there is collective commitment to welfare, and the identity of a product is related to its impact upon society or the environment.

The quality criteria that dominate a GCC will benefit one group of participants over others and influence the structure and governance of the chain. However, quality criteria are socially constructed and can be contested, if the actors involved in the exchange are aware of their advantage in promoting specific quality criteria (Fold, 2000, p. 95). A change in relative strength will affect the set of prevailing quality criteria, and vice versa, which will possibly result in a restructuring of the GCC in question.

So, quality regimes and forms of governance are interdependent variables and the nature of the quality regime influences upgrading opportunities of subordinate chain participants. While industrial and market conventions suggest a chain where lead firms set quality standards, domestic and civic conventions entail more power symmetry; hence, upgrading of subordinate chain agents is more probable. The importance of civic conventions has been spurred by postmodern consumers and increased focus on the social responsibility of firms. This development is particularly relevant in relation to traditionally produced shea butter, which can be branded as organic and ‘fair trade’.

Not only the quality of the final product but also the quality of processing and production methods are becoming increasingly important. “This reflects increasing competition around product differentiation, preoccupation with product safety, attention to reducing the costs that follow from perceived poor quality, and the emergence of environmental and socio-economic concerns.” (Ponte, 2005, p. 12). These processes have been associated with a proliferation of quality certification and monitoring.
systems, environmental and social labels and certifications, and codes of conduct. This tendency towards codification can also be seen in a shift in buyer-driven chains from direct control and rule-setting to more indirect mechanisms of governance. Buyers’ control over a GCC, among others, depend on how well they are able to transfer relatively intangible information to their suppliers and/or standardize, codify, and certify quality content of goods and services (Ponte, 2005, p. 22). In many instances small-scale producers in developing countries have been cut off from the game of standard setting and monitoring (Raynolds, 2004, p. 738). Yet, standardisation of quality requirements, especially in relation to civic conventions, can entail upgrading of suppliers via learning processes and in turn give these suppliers a better bargaining position and increased market access.

Standards erect entry barriers to GCCs, which influences the level of competition and hence of profits. Economic rent arises in the case of barriers to entry and differential productivity of factors. Firstly, the barriers to entry to a specific node of a GCC are closely related to the size of profits. The greater the barriers to entry, the higher the level of profitability and ability to govern. Thus, identification of activities where there are likely to be sustained or growing entry barriers is crucial for mapping where profits accrue. Secondly, upgrading usually implies more specialised processes and exchanges and thus increased economic rent. Rents endogenous to an organisation include technology rents, human resource rents, organisational rents and marketing rents. Rents can also be endogenous to the chain as such (relational rents), that is having superior quality relationships with suppliers and customers. Exogenous rents include resource, policy, infrastructural, and financial rents (Kaplinsky, 2000, p. 28). The ability to govern and command high returns often rests in intangible competences. This is a view similar to Michael Porter’s in his work on competitive advantages of organisations. According to Porter there is a hierarchy of sources of competitive advantage. Low labour costs and cheap raw materials is what Porter calls a lower-order competitive advantage, since it is easy to imitate. More significant factors for the international competitiveness of firms are the higher-order advantages such as proprietary technology, product differentiation, brand reputation, and close customer relationships (cf. Gibbon’s locally-specific assets). These must be sustained through constant improvement and upgrading (Porter, 1990, p. 49-51).
4.1.5 Sum-up

To determine the position of small-scale producers in agricultural GCCs, the concepts of governance and economic power will be employed. It is relevant to establish which actors drive the GCCs and whether the nature of a GCC is mostly modular, relational, or captive. Through an understanding of the governance and driveness of a chain one can understand the distribution of gains along the chain and go on to analyse how to get hold of these gains. The level of driveness and power asymmetries will influence on economic rents and upgrading opportunities for suppliers of lead firms. For instance, strong buyer-driveness may result in upgrading and increased market access for subordinate chain agents. In order for developing country suppliers to access GCCs and engage in upgrading, national governments may need to play facilitating roles. Moreover, a change in the quality concepts related to a product can influence the power distribution in a GCC and thus the profit and upgrading opportunities for sub-ordinate chain agents.

4.2 Literature Review

Developing countries are major exporters of agricultural commodities. However, traditional agricultural exports such as sugar, coffee, cocoa, and tobacco, have been undermined over the past two decades by international marketing constraints, declining prices, and mounting global competition (Raynolds, 1994, p. 143). One way of increasing profits from agricultural products is upgrading in terms of processing prior to export, in order to take advantage of the value adding that otherwise takes place in developed countries. Yet, entering the industrial manufacturing business requires investment, technical knowledge, and initial protection from competition (cf. Gibbon); conditions that are not present in many developing countries. Furthermore, large scale processing does not automatically have a pro-poor effect. An alternative route of adding value to agricultural exports is to focus on high-return, differentiated products desired by postmodern consumers from affluent countries. Such non-traditional agricultural exports – including a wide array of speciality horticultural crops and counterseasonal fruits and vegetables – have been greatly expanded to shore up falling export revenues and tap growing fresh food and luxury good markets in the North (Raynolds, 1994, p. 143). To add to the scope of the analysis of shea butter, some examples of other tropical commodities originating from sub-Saharan Africa and their global commodity chains will be discussed below. The examples are chosen in consistence with the criteria that they all appeal to the postmodern consumer and accordingly can be defined as new tropical commodities. The commodities in question are: organic agro-food, speciality
coffee, and cashew nuts. The three GCCs share some characteristics with the shea butter GCCs, and the following review form a broader background on which to analyse shea butter as a global commodity.

4.2.1 Organic Agro-food

Organic agro-food is an example of a product group demanded by post-modern consumers in the North. The world market for certified organic foods is estimated to be worth US$ 23-25 billion in 2003 and is growing at roughly 19 percent per year. Soaring demand particularly in Europe and the United States have made organics the fastest growing segment of the global food industry (Raynolds, 2004, p. 731). A significant product group with sharply rising demand within the agro-food category is fresh fruit and vegetables, organic as well as traditional (Dolan, 1999, p. 9). Although agro-food can be produced in the North, demand by postmodern consumers has fuelled growing imports from the South of tropical products, counterseasonal fresh produce, and commodities produced locally but in insufficient quantities (Raynolds, 2004, p. 725). The demand of European consumers for fresh fruit and vegetables is increasingly catered for by producers from sub-Saharan Africa (Dolan, 1999, p. 10).

Input-output Structure and Geography

The growing market for fresh fruit and vegetables include year-round supply of basic products (such as tomatoes and apples) as well as novel tropical products (such as papaya, mangetout, and sugarsnap peas). Assuring the supply of such products require a sophisticated quality and supply system (Dolan, 1999, p. 9-13). Organic products require particularly complicated systems of quality assurance and certification. Methods of organic farming were initially developed in Europe, North America, and Japan and organic ideas were popularised during the 1960s by Northern ideologically based movements. The consolidation of organic meanings and practices was extended internationally with the 1972 founding of International Federation of Organic Agriculture Movements (IFOAM) (Raynolds, 2004, p. 29). In the South, interest in regulating organic quality claims has come largely from producers seeking access to and legitimacy in Northern markets.

Europeans currently consume half of all the organic products sold worldwide whereas the United States has by far the largest national market for organic products and the highest current growth rates. Canada and Japan are also important emerging organic markets. Demand in North America and Europe by far outstrips supply and thus relies on imports from the South (Raynolds, 2004, p. 732). In Africa and
Middle East, 18 countries produce organic products and host 57,510 organic enterprises. Except for fresh fruits and vegetables, the major organic commodities include: cotton, dried fruit, herbs, spices, coffee, cocoa, sesame, honey, sugar, nuts, tea, and oil crops (Raynolds, 2004, p. 734).

**Governance**

The organic agro-food commodity chain is largely buyer-driven, but by different buyers and to different degrees. Until recently, organic foods were only supplied by alternative movement venues such as farmers markets, box schemes, and small food coops, but have now made inroads into conventional distribution channels and are increasingly sold via supermarkets (Raynolds, 2004, p. 733). In relation to fresh fruits and vegetables, the dominance of supermarkets is very visible. In the UK, supermarkets control 70-90 percent of fresh produce import from Africa and similar trends exist in other parts of Europe (Dolan, 1999, p. 7). The sourcing of fresh produce and organic foods via conventional distribution channels has limited acceptable production processes, product specifications and types of enterprise participation, hence resulting in a captive GCC (Raynolds, 2004, p. 733). Since conventional distribution chains continue to uphold industrial conventions rooted in efficiency, standardisation, and price competitiveness, large producers are favoured (Dolan, 1999, p. 23 + Raynolds, 2004, p. 733). However, alternative outlets continue to sell organic products from small producers and this trade is oriented towards domestic and civic quality standards resulting in more relational GCCs.

**Upgrading Opportunities**

Sub-Saharan African countries have a competitive advantage in the production of export horticultural commodities due to favourable climatic conditions, geographic proximity to European markets, preferential trade agreements, absence of government controls, and an abundance of cheap labour (Dolan, 1999, p. 22). However, certain requirements to the suppliers must be fulfilled in order to access the European market, the important factors being: quality and consistency, reliability of supply, cost, variety/value added/innovation, food safety, and ethical trade (Dolan, 1999, p. 23). These requirements can foster closer relationships between producers and actors upstream the chain (e.g. exporters) and lead to upgrading of small-scale producers. “In these cases, the exporter takes responsibility for organising the growers, arranging finance, providing technical support and ensuring traceability.” (Dolan, 1999, p. 30). However, it can also result in a concentration process where small-scale
producers are excluded (Dolan, 1999, p. 32). In organic trade, participation and hence upgrading opportunities is to a large extent governed by certification institutions and requirements. Where industrial quality conventions dominate, the institutional set-up related to these are in many ways reproducing conventional global trade patterns and inequalities. For instance, most Latin American organic agro-foods are exported in unprocessed bulk form, so that the substantial profits derived from processing and packaging accrue to enterprises in Northern consumption countries (Raynolds, 2004, p. 736). Organic agricultural products can be further upgraded by processing the products prior to exporting, like some fresh vegetable producers in Africa are doing (Dolan, 1999, p. 25). Organic certification can foster closer relationships between producers and buyers resulting in upgrading, but the rigid requirements related to organic certification can make it difficult for small-scale farmers to live up to these standards. Even though most peasant farmers follow basic organic production expectations and avoid expensive agro-chemicals, their produce cannot be sold as organic because they do not uphold official organic documentation, auditing, and certification procedures. Forming cooperatives, however, greatly enhances the possibilities of upgrading via certification (Raynolds, 2004, p. 736).

4.2.2 Speciality Coffee

Another example of a commodity produced in the South and consumed in the North is coffee. Over 90 percent of coffee production takes place in the South including Latin America, Africa, and Asia, whereas most consumption take place in affluent Northern countries (Ponte, 2001, p. 2). The global coffee market can be roughly divided into conventional coffee and speciality coffee. Even though conventional coffee make up 85-90 percent of the market, speciality coffee is of increasing importance to producers, since this niche market experiences sound growth rates while the mainstream market has seen its sales decrease (Christensen, 2005, p. 1). Furthermore, speciality coffee has higher profit margins.

Input-output Structure and Geography

The institutional framework for the coffee market has changed dramatically since the International Coffee Agreement (ICA) effectively broke down as a regulatory power in 1989. Nowadays, coffee prices are fully determined by supply and demand, and vary from day to day. In 2004, it was estimated that around eight percent of the value of the final coffee product in the conventional coffee commodity
Prices and Poverty – Agricultural Commodities and the Position of Small-scale Producers in Global Economic Networks
Master Thesis, Karen Ansbæk, December 2005

chain went to the coffee farmers (Christensen, 2005, p. 56). Most coffee is traded by international trading companies who sell to roasters in the North, who in turn supply the retail sector. The largest shares of value is added in the roasting node, which is an oligopoly market dominated by only a handful of large multinational roasters. In 1998, the top five roasters controlled 69 percent of the global roasting business.

Speciality coffees include high-quality coffee and ‘sustainable’ coffee (organic, fair-trade and eco-friendly coffees). The high-quality coffees are sold with reference to where they are grown and/or the name of the co-operative, organisation, or estate (Christensen, 2005, p. 66). Some roasters are willing to pay considerably higher price to get hold of high quality coffees to the benefit of traders and farmers. Sustainable coffees are certified by various organisations for instance the Fair-trade Labelling Organization (FLO). FLO guarantees that products sold anywhere in the world with a fair-trade label conforms to fair-trade standards and contributes to the development of disadvantaged producers. Besides coffee, FLO covers tea, rice, fresh fruit, juices, cocoa, sugar, honey, wine, and sports balls (www.fairtrade.net). FLO has determined a minimum price level to be paid to farmers for fair-trade certified coffee (Christensen, 2005, p. 69).

Governance
The coffee GCC is clearly buyer driven. After the end of the ICA regime the distribution of power in the coffee chain has shifted from a fairly balanced contest between producers and buyers within the politics of the commodity agreement to a dominance of consuming country based operators over farmers, local traders, and producing country governments (Ponte, 2001, p. 11). Consuming country-based operators include international traders, roasters, and retailers (e.g. supermarkets and coffee bars). Due to overproduction of coffee, international traders and roasters have managed to keep the prices they pay farmers for conventional coffee very low. Most of the income generated in the chain is retained in consuming countries and barriers to entry have increased in both trading and roasting. International traders have gone through considerable restructuring during the last two decades and the industry has become much more concentrated (Ponte, 2001, p. 16). Producers of mainstream coffee are dependent on the international traders and the prices they offer. However, international traders are in turn dependent on roasters who set the requirements on quantity and quality of specific coffees and perform the most value adding activities. Roasters shape the reactions of all other actors in the conventional coffee chain. For instance, roasters have succeeded in pushing supply management
upstream to suppliers in the form of Supplier Managed Inventory (SMI) systems. The procurement of coffee is rather complicated due to the many sources and the strict quality standards. It is essential for international traders to know the type of coffee, the type of primary processing, the country of origin, and the official grade standard (Ponte, 2001, p. 8). The industrial character of quality conventions along with the oversupply of conventional coffee makes for a captive chain with large power asymmetries. The general trend has been a strengthening of the position of roasters vis-à-vis other actors. Roasters govern the chain and the barriers to entry in this node of the chain are very high since they have very strong brands and huge budgets for advertisement. Through their brands, roasters have managed to keep control of the coffee chain even though large supermarkets have developed their own coffee labels. “As a result, supermarkets’ retail margins of coffee have remained generally lower than for the average food portfolio” (Ponte, 2001, p. 19). Roasters thus acquire the largest profit margins in the conventional coffee chain and govern actors upstream as well as downstream the chain. Yet, the emergence of new consumption patterns with growing importance of quality, ‘fair trade’, and organic coffees along with alternative distributors, such as café chains and speciality shops, may pose new opportunities for producers.

Upgrading Opportunities

Since the position of coffee farmers in the conventional coffee chain is weak with large power asymmetries and practically no bargaining power, it is the global commodity chains for speciality coffees that offer upgrading opportunities. In relation to conventional coffee, the global over-supply keeps prices down, but when it comes to speciality coffees, world demand exceeds supply, which drives prices up. Furthermore, power asymmetries between producers and buyers are likely to decrease since high quality and ‘fair trade’ coffee production requires closer relationships and upgrading of producers. Growing high quality coffee requires more manual labour, skills, and a more careful production process (Christensen, 2005, p. 98). “Many Speciality traders, roasters, and coffee companies work closely together with the farmers and work with long-term contracts, to make certain that quality is kept high and that in return they have preferential access to buying these coffees.” (Christensen, 2005, p. 99). When such a relationship has been established, the farmer is likely to receive higher prices and access to assistance, credit, and market information. The same applies to sustainable coffee, where farmers are usually organised in co-operatives or other farmer organisations that provide assistance and higher prices. In relation to quality conventions, quality and sustainable coffees are evaluated in accordance with domestic and civic conventions that make for closer relationships.
between producers and buyers. The global commodity chain for specialty coffee is thus of a more relational character than the conventional coffee GCC and is based on trust and long-term relationships. Power asymmetries are smaller due to mutual dependence, and there is a more direct relationship between the coffee farmer and the end-consumer.

Yet, the market for specialty coffees is still small with 10-15 percent of the world market, which suggests that farmers cannot rely only on this market (Christensen, 2005, p. 97). It is difficult to gain access to this niche market due to its small size, because farmers must ensure consistency in quality and quantity, and since farmers need to develop linkages to the right buyers. Furthermore, it seems that the opening in specialty markets has so far been more suitable to estates than smallholders (Ponte, 2001, p. 30). In relation to quality, roasters can take a more hands-off approach to quality management as certification and auditing systems are developed i.e. a movement from civic/domestic quality conventions to market/industrial quality conventions (Ponte, 2005, p. 12).

### 4.2.3 Cashew Nuts

The two cases above concern product categories with a wide range of producers and buyers. The last case in this section will be narrower, concentrating on cashew nuts from Mozambique. “Cashew nuts are produced in developing countries, with production historically concentrated in lusophone countries (Mozambique, India, Brazil) until more recent expansion of production in other countries including Indonesia and Vietnam” (Cramer, 1999, p. 1253-54). Since the focus here is on commodities from Sub-Saharan Africa, Mozambique is taken to the fore.

#### Input-output Structure and Geography

In the early 1970s, Mozambique was the largest producer of cashew nuts in the world with 42,7 percent of world raw cashew nut production. However, the civil war and macroeconomic instability disrupted both production and processing and in the mid 1990s Mozambique’s share of world production had diminished to 4,1 percent (Cramer, 1999, p. 1257). In the 1990s, the cashew sector was targeted by the twin policy reforms of privatisation and market liberalization. By the late 1990s, the cashew sector remained in crisis with continuing poor performance of raw cashew output and processing firms closing down (Cramer, 1999, p. 1253-54). The most profitable market for cashew kernels is the luxury snack retail market in Europe and the US. As this market segment demands unbroken and unscorched
nuts, profitability depends on the ability to produce output in the form of whole, unscorched nuts or ‘whole whites’. Broken or scorched nuts can be sold but fetch far lower prices (Cramer, 1999, p. 1255). Primary processing of cashews is usually taking place in the country of production, whereas countries in the North capture value added in the final stages of processing by salting and flavouring, packaging, or mixing with other nuts, cereals or chocolate. There is little vertical integration in the chain and the global trade in cashews is primarily taking place via international traders.

**Governance**

In the GCC for cashews, the coordinating agents are international commodity traders exercising a characteristically loose form of chain coordination (Gereffi, 2001a, p. 350). Relations between producers and international traders are arms-length, typically involving commodity brokerage in commodity market centres. Thus, the market convention is the dominant quality regime and low quality tends to be punished at the level of price rather than exclusion from the market. Entry barriers for international traders include high levels of working capital, accumulated market knowledge and intangibles such as reputation. There is a very high level of concentration among international commodity traders, with only few companies controlling most trades. An essential difference between those buyer-driven chains where retailers/merchandisers are lead firms and those dominated by international traders is that there appears to be no general tendency in the latter for upgrading of subordinate chain agents (Gereffi, 2001a, p. 352).

**Upgrading Opportunities**

Since the luxury edible nuts market has been identified as the most profitable market for cashew nuts, upgrading entails complying with the quality standards of this market, that is developing processing techniques that give a high output of ‘whole whites’. Furthermore, there must be a stable supply of cashew nuts to be processed which is currently not the case in Mozambique due to a lack of knowledge among farmers and reluctance to count on a ‘windfall’, high risk crop such as cashews (Cramer, 1999, p. 1258). The situation is aggravated by Mozambique’s poor transport infrastructure and restricted access to credit for farmers and processors. Closer relationships between farmers and processors, for instance in the form of contract farming where the processor provides a range of inputs and services to the farmer in return for a claim to farm output, could result in upgrading of farmers. “There are common fears that such contracts are ‘exploitative’ of peasant farmers. Yet, there is also evidence that where they function well they provide a reliable source of income and agricultural learning, as well as
access to inputs and services that are less easily available through many broadly spread government extension services and/or seed distribution schemes.” (Cramer, 1999, p. 1261). If nationally-owned cashew processing firms do not have deep enough knowledge and financial structures to develop contract farming, as is likely to be the case in Mozambique, foreign firms could possibly engage in such arrangements through foreign direct investment. As Gibbon’s research shows, it is unlikely that the international traders, who govern the chain at present, will engage in upgrading initiatives (Gereffi, 2001a). Alternatively, government could play a role through investments in the cashew sector as well as making export restrictions on unprocessed cashew nuts.

4.2.4 Conclusion

Organic agro-food, speciality coffee, and cashew nuts are all agricultural products that appeal to a luxury, self-care consumer market. Production of these commodities is taking place in the South (e.g. Sub-Saharan Africa) and is primarily consumed in the North (e.g. Europe and the US). Common for these agricultural products is that they have larger value added and higher profit margins that traditional developing country export commodities and can be termed new tropical commodities. Thus, the three cases presented above suggest that new tropical commodities have the potential of offering higher prices to producers. In accordance with the GCC framework the organic agro-food, speciality coffee, and cashew nut chains can all be classified as buyer driven, but by different buyers and to different degrees. The cases shows that forms of coordination tend to be tighter in chains led by retailers/branded marketers (e.g. fresh fruits and vegetables, apparel, and footwear) and industrial processors (e.g. coffee and cocoa/chocolate) than in those led by international traders (e.g. cashew nuts, cotton, and fish). In relation to governance structures, higher degrees of governance by lead firms seem to entail more upgrading opportunities but also large power asymmetries. In some cases, national governments in developing countries may need to be proactive to spur relations between local producers and foreign firms. Examining quality conventions, conventions based on civil or domestic quality regimes seem to result in more relational chains than market or industrial conventions and thus larger scope for upgrading. Industrial quality requirements and certification seem likely to result in concentration among producers and possibly exclusion of small-scale producers. Producers in developing countries face opportunities of upgrading and higher profits if they focus on differentiated agricultural products desired by postmodern consumers. However, such a strategy also entails certain risks and difficulties for small-scale producers. The opportunities and risks of global trade for small-scale producers will be analysed in greater detail in the following analysis of shea butter.
4.3 Shea Butter and its Global Commodity Chains

The shea butter commodity can in one of its multiple uses enter the cosmetics industry and be an example of a new tropical commodity, which offer novel opportunities for adding value to agricultural products. GCC analysis can help to define the prospects, difficulties, and risks of entering the luxury and self-care cosmetics market. To put this new market into perspective, the traditional confectionary export market will be included in the analysis. The confectionary market constitutes the largest of the two export markets, but the cosmetics market has grown rapidly in recent years and prospects are promising due to global consumption trends. The input-output structure and geography of shea was described in chapter 3, thus the following paragraphs will contain an analysis of governance structures and upgrading opportunities (institutional framework).

4.3.1 Governance

Regarding governance structures, buyer-driveness seem to characterise the global shea commodity chains, both regarding the confectionary and the cosmetics chain. Seen from the perspective of small-scale producers, the chain is governed by the buyers of shea butter, ultimately CBE factories or cosmetics companies. Yet, in other respects these two chains differ significantly.

Confectionary Chain

In the confectionary chain, industrial buyers who are operating in an oligopolistic yet very competitive environment, determine the prices of the shea nuts and butter bought from middlemen. The middlemen in turn apply this price-structure to their sources: small-scale producers. The industrial buyers in this chain can set prices since they possess an exclusive position based on the very high barriers to entry in this node of the chain. Regarding standards, quality grades are difficult to check since sources of shea butter are numerous and there is a lack of processing guidelines, formal quality standards, and enforcement mechanisms. In order to meet the rigorous specifications of their customers, the industrial buyers process and refine the shea butter in their plants. Hence, quality fluctuations are dealt with and no transaction-specific investment in quality improvement is needed. Other features of the chain are that the many small suppliers are dependent on a few, large industrial buyers and at the same time supplier capabilities in relation to the requirements of the transaction are low. Thus, according to Gereffi’s typology of global value chains (cf. chapter 4.1.3), this chain can be classified as captive with a high degree of power asymmetry. In this chain, shea butter is considered a low-value, bulk
commodity by dominant industrial buyers who offer low prices and few if any opportunities for upgrading to the relatively powerless small-scale suppliers upstream the chain.

**Cosmetics Chain**

The shea butter cosmetics chain, which is only now being developed, is driven by branded merchandisers. Large, conventional cosmetics companies, such as Estée Lauder, Clarins, Lancôme (L’oreal), Helena Rubinstein (L’oreal), and Revlon use shea butter in their exclusive, luxury products but only few are engaged in sourcing directly from West Africa (Chalfin, 2004, p. 88). The most important buyers of shea butter directly from West Africa are companies focussing on organic and ‘fair trade’ brands such as The Body Shop and L’Occitane. These enterprises link female producers in Northern Ghana and Burkina Faso with postmodern consumers in the North through product design, marketing, and branding. Thus, these companies react on postmodern consumers’ demand for differentiated and self-care products. The market for ‘fair trade’ and natural cosmetics products seems to be one with good prospects, not only for companies building on a social responsibility ideology, such as The Body Shop, but also ‘regular’ cosmetics companies engaging in corporate social responsibility (cf. chapter 1.1). Many cosmetics companies market themselves as social responsible; some with their own ‘codes of conduct’ (e.g. L’oreal) others are engaged in women’s health issues (e.g. Estée Lauder, Clarins, Revlon). Branding and product differentiation concerns are thus the drivers of cosmetics companies’ interest in organic and ‘fair trade’ products. The Northern cosmetics companies would argue that they are merely responding to the demands of their customers (interview: Sara Clancy and Mark Davis), but it is clear that these companies make strategic decisions about their positioning in the market place, which affect suppliers as well as customers. Cosmetics firms try to anticipate but also shape customer demand and make decisions about how these demands should be met. Thus, cosmetics companies influence the demand of consumers and vice versa. Yet, cosmetics companies are able to govern their suppliers whereas consumers are usually a scattered group who respond to a given product after the production process has taken place, rather than actively getting involved in organising production processes and enforcing compliance with the parameters set. Thus, even though consumers are important players when it comes to the marketing decisions of cosmetics companies, companies rather than consumers are governing the global commodity chain.

As described in chapter three, traditionally produced shea butter complies with organic as well as ‘fair trade’ quality concepts, which can be utilised by Northern branded cosmetics companies. The barriers
to entry to this node of the chain are high due to the investments in product design, marketing and branding, which also result in high profit margins. Hence, the cosmetics companies possess significant power and the chain is highly buyer-driven; no large-scale trade of organic, ‘fair trade’ shea butter takes place without the presence of foreign cosmetics buyers. In chapter 3.2.2, it is rendered probable that small-scale female producers of shea butter are capable of trading much larger volumes of shea butter on global cosmetics markets, but that the buyers needed for this exchange to take place do not materialise. Several barriers are obvious; for instance, linkages to small-scale producers in West Africa are not easily fostered and cooperation between producers and cosmetics buyers is likely to need support from local organisations; public as well as private (cf. chapter five). Furthermore, an important constraint to direct export of shea butter is the question of quality standards. In order for the shea butter to be used as an exclusive cosmetics product, it has to be high quality and contain a high percentage of unsaponifiables (cf. appendix F). Ghanaian shea butter, when correctly handled and stored, is usually high in these contents (Interview: Hammond Kwaku Mensah); however, uniformity is difficult to ensure because of natural differences of shea nuts and differing processing methods. The problem of uniformity can be handled by refining the shea butter industrially, as The Body Shop does. This, however, reduces the healing properties of shea butter and also breaks with the idea of an organic, ‘natural’ product. “(…) they refine the butter in Holland, which gives a consistent but lower quality of shea butter. This could turn out to be problem vis-à-vis customers who want ‘the real thing’.” (Interview: Peter Lovett). The best way to ensure uniform and high quality standards of finished shea butter seems to be via processing standards and training (Interviews: Paulina Krah Kumah, Peter Lovett, Della Mumuni, Stella Nitori, Judith A. Seidu, Joshua Yidana). Organic and ‘fair trade’ standards will be elaborated on in chapter 4.3.2.

As mentioned, some examples already exist of traditionally produced shea butter entering global cosmetics markets via GCCs, and the character of governance structures in this chain seems to be of a more relational character than the captive confectionary chain. Characteristics of this chain include that the complexity of information required to sustain trade in organic shea butter is high, that it is difficult to codify product specifications, and that the capabilities of actual and potential suppliers in relation to the processing of organic shea butter is high. These characteristics make for a relational value chain. However, other supplier capabilities in relation to the transaction are low, but over time this can improve (cf. chapter 5). The more product quality matters, the greater the buyers’ interest in upgrading their suppliers. At least in a long-term perspective, mutual dependencies between suppliers and buyers
are likely to evolve via shared information and upgrading of supplier capabilities, which paves the way for an improved position of female shea butter producers and more symmetrical power relations than in the confectionary chain.

Thus, in the case of shea butter, global economic networks are characterised by powerful buyers from the North who source from more or less scattered producers in the South, often via middlemen. The buyers determine who to give access to global markets as well as the prices offered to producers. Where the confectionary and cosmetics chains differ is when it comes to the nature of buyer-driveneness. It is clear that the profits of small-scale producers as well as their position of power can be improved when gaining access to the global cosmetics chain. Hence, the buyer-driven cosmetics chain entails opportunities for value adding and upgrading.

4.3.2 Upgrading Opportunities

Upgrading and higher prices for female shea producers in Northern Ghana is dependent on access to global markets and the technologies and knowledge that make such trade possible. Entering global markets is only feasible by participating in one of the two shea butter GCCs: the confectionary chain or the cosmetic chain. In the following, the drivers of upgrading identified in chapter 4.1.4, namely lead firms, national governments, and quality concepts, will be considered in relation to small-scale shea butter producers.

Lead Firms

The economic power and chain coordination in the shea GCCs are clearly placed with buyers from the North. Due to the captive nature of the confectionary chain, producers have little influence in this chain and are neither achieving fair prices nor upgrading opportunities. In the cosmetics chain, a more relational chain structure seems likely, with more symmetrical (but still buyer biased) power relations and upgrading opportunities for small-scale suppliers of organic shea butter. Through the transmission of resources, information, and knowledge from buyers to suppliers, small-scale producers may be engaged in process upgrading. Assistance from buyers in the form of financial and technical support along with hands-on advice on processing methods and quality requirements can drive upgrading of small-scale producers to the mutual benefit of buyers and producers, as is seen in the case of The Body Shop. The strong driveness by cosmetics buyers can result in a steep learning curve for producers.
enabling them to supply the cosmetics industry. The cooperation between small-scale shea butter producers and the branded lead firms may lead to a situation of high challenge and high support that in turn can lead to upgrading and higher prices for suppliers.

The female producers may further increase market access and profits by vertical integration into quality grading, packaging, transport etc. This is what is referred to as ‘functional upgrading’, namely moving into higher value-added stages in the chain (Schmitz, 2000, p. 181). However, this does not seem to be a viable option for small-scale shea butter producers. Firstly, they do not have the competences needed (cf. chapter 5.2). Secondly, cosmetics buyers are likely to oppose attempts to upgrade into design and marketing which are their core competences (Schmitz, 2000, p. 197).

**Government**

The government of Ghana is the potential provider of important exogenous rents such as infrastructure, credit opportunities, quality control and export coordination, which can facilitate the local processing of shea butter. Procuring shea butter from remote rural areas is an important obstacle to the trade between small-scale shea butter producers and cosmetics companies. Roads are in a bad condition and may be completely impassable during the rainy season, which is a recurring theme in the public debate but government reaction is slow. Another problem addressed (but maybe not sufficiently) by the Ghanaian government is that of credit. As female shea butter producers need finances to engage in larger scale shea butter production and trade, institutions providing credit are crucial. Normal banks and credit companies are not likely to lend money to poor women without collateral so the government has initiated micro-credit programmes, which need to be improved and expanded. Finally, an issue that is largely neglected by the government is that of quality control and export coordination of shea butter. As described in chapter 2, the regulation of shea butter is ascribed to the Cocoa Marketing Board (COCOBOD). However, COCOBOD’s main concern is cocoa, and shea butter is basically ignored when it comes to export support and quality certification. In the GPRS, measures that support the agricultural sector such as storage facilities, feeder roads, breaking up monopolistic marketing channels, and standardization and quality control are suggested along with support for agro-processing in the form of micro-credit and training. Thus, the government of Ghana seems to be aware of the support activities they could undertake; whether they will be realized is yet to be seen.
Quality Concepts

The concept of quality plays a crucial role in relation to upgrading, and different quality conventions characterise the two chains. The confectionary chain is clearly characterised by an industrial-based quality regime with rigorous standard grades as end goal and a high degree of driveness. However, due to the industrial refining process industrial buyers offer no premiums and thus no motivation for suppliers to implement quality differentiation. The going rate offered by the industrial buyers is simply not high enough to stimulate a quality based supply system, which could have prompted upgrading on the part of small-scale suppliers.

In the cosmetics chain, a civic-based quality regime is the basis of organic and ‘fair-trade’ shea butter as export commodity. There is also a hint of domestic conventions since Ghanaian shea butter is renowned for certain qualities (geographical indications), and quality assurance is trust-based. Cosmetics companies demand shea butter that is recognized for having high and consistent quality (domestic convention), and which is processed organically and traded fairly (civic convention). Because these quality conceptions are so dependent on producers, it changes the relative strength of female shea butter producers vis-à-vis buyers and thus the chain is of a more relational nature than the confectionary chain. For instance, in a study of the buyer-driven shoe GCC it is stated that quality minded buyers from the North “(…) preferred stable relationships based on intense communication and trust in order to obtain good quality and prompt delivery” (Schmitz, 2000, p. 196). A tool for buyers to lower the costs of transaction and ensure the ‘right’ quality is standardisation and codification. As product quality is rather complicated to check when it comes to shea butter, especially when large volumes are traded, standardisation and monitoring must take place in relation to the processing stage. For buyers to be successful in standardising the production process they will need to include extensive knowledge transfer and upgrading of shea butter producers. The women need to be trained in the best processing methods in order for them to deliver products of suitable standards, hence training and technical improvements must be part of a standardisation process. In order to claim that the shea butter has a ‘fair trade’ quality, the women must also be paid a reasonable price. A win-win situation is occurring in relation to the organic and ‘fair trade’ qualities of the shea butter. Here the shea butter producing women make use of locally-specific assets (organic shea nuts and local processing competences) and the cosmetics companies achieve a branding advantage (‘healthy’ cosmetics and ‘fair trade’). Thus, standardisation of shea butter processing to comply with the requirements of cosmetics buyers entails upgrading of producers through support from buyers. Yet, standardisation and
certification can also contribute to continued power asymmetries biased towards cosmetics companies. If shea butter is standardised in accordance with rigid conventions imposed by cosmetics buyers it can result in hands-off coordination where producers are dependent on cosmetics buyers, in other words, a captive chain. Moreover, standardisation and certification erects entry barriers, which may lead to concentration of shea butter production for the cosmetics chain. Yet, in the case of small-scale shea butter producers, upgrading of some producers enabling them to supply cosmetics companies will not hinder other producers in continuing to supply traditional markets.

Furthermore, barriers to entry are the basis of economic rent – in this case higher prices for shea butter producers. The greater the barriers to entry, the higher the size of profits. The relational linkage to cosmetics companies based on organic and ‘fair trade’ standards of shea butter constitutes a barrier to entry, compared, for instance, to factory-based shea butter production. A barrier to entry based on such standards can produce rents for small-scale shea butter producers. Another source of economic rent and competitive advantage is the ability to master specialised processes. In the case of shea butter producers, human resources in the form of the shea butter processing skills of the women are the basis of economic rents. Furthermore, the cooperation between the women constitutes organisational rents. In line with Porter’s thinking, the competitive advantages of the female shea producers are their processing skills and cooperation, but they lack business/export capabilities. The skills and agency of female shea butter producers will be returned to in chapter 5.2. The competitive advantages of buyers in the cosmetics chain comprise, as mentioned, of marketing skills, product differentiation, and brand reputation. Engaging in upgrading of small-scale shea producers feeds into these competitive advantages, since it will produce a ‘tailor-made’, self-care product of great appeal to postmodern consumers of cosmetics products. In the confectionary chain, the competitive advantage of shea butter producers lies in low prices, which is not a sustainable competitive advantage. Thus, small-scale shea producers’ entry into the cosmetics GCC is based on higher order competitive advantages that is supplying a differentiated product in the form of organic and ‘fair trade’ shea butter, as opposed to the confectionary GCC’s focus on low prices.

4.3.3 Conclusions

When analysing the global economic networks that shea feeds into, it can be concluded that both shea butter GCCs are buyer driven, that is, dominated by large companies from the North. The differences between the chains are, however, substantial among others due to differing conceptions of quality. In
the confectionary chain, shea butter is a cheap bulk commodity that must comply with industrial conventions. Whereas in the cosmetics chain, shea is valued for its unique properties (domestic convention) and its ‘fair trade’ and organic qualities (civic convention) that form the basis of product differentiation. Hence, small-scale shea butter producers from West Africa can gain from participating in the cosmetics chain. This can, and does to some degree already, give poor females access to affluent postmodern consumers, which, in turn, offer opportunities for more symmetric power relations between producers and buyers entailing upgrading and larger profits for producers. In the cosmetics industry, branded lead firms may find it in their interest to support small-scale shea butter producers enabling them to supply the cosmetics industry with ‘fair-trade’ and organic shea butter. This upgrading process may be challenging for producers but may also result in higher prices for their work and hence economic empowerment. The cosmetics lead firms will still remain more powerful than their suppliers, but since cosmetics buyers rely on the upgraded suppliers, these small-scale producers may come to have a larger say and a better bargaining position. Yet, producers and buyers are not the only players in the game; actually it is unlikely that these two actors are capable of engaging in exchanges without external assistance. The Ghanaian government can possibly act as mediators of trade between small-scale shea butter producers and global cosmetics companies. Government can facilitate upgrading of shea butter producers, for instance by improving infrastructure, credit opportunities, and contribute to knowledge-based competitive assets e.g. fair trade labels.

When shea butter trade is seen through the lenses of GCC analysis, there is a strong focus on structures, and socio-economic developments tend to be determined in the sense that the core (lead firms) is bound to dominate the periphery (small-scale suppliers). Even though the global economic structures cannot be ignored, it also makes sense to examine the role of agency. People act within the given patterns and structures and try to exploit the existing rationalities to their advantage. A more balanced account of agency and structure is proposed by economic anthropology, which will supplement the GCC analysis and provide another pair of glasses with which to take a closer look at the agents engaged directly in shea butter trade.
5 Agents and Structures in Northern Ghana

5.1 Economic Anthropology

In chapter four, the global structure of shea butter trade was analysed, and in order to cover as many aspects as possible, the following chapter will focus on shea butter producers in the local communities. An approach is needed that take the agency and decision-taking of individuals into account, and at the same time considers the structures that constrain the options of agents in the local economy. “When we jump from just passively studying people to involving ourselves in their lives and trying to help or advise, our practical prediction require a better theory of human motivations” (Wilk, 1996, p. 140). The discipline of economic anthropology, which is the intersection of anthropology and economics, provides concepts to analyse agency as well as cultural and social structures in the economic sphere. Thus, it is an analytic frame that combines different paradigms and rationalities in a dialectic manner.

5.1.1 Origin and Development

Once, economic anthropology comprised of the study of production, distribution/exchange, and consumption in pre-industrial societies focusing on the role of culture (Ensminger, 2002, p. 222). During the 1950-1970s the debate stood between substantivists and formalists; a variation of the debate between relativists (cultures are idiosyncratic) and universalists (all human experience is fundamentally the same). The substantivists argued that the economy is embedded in social institutions. “In other words, ‘primitive’ people follow customs and social rules, and when they do make choices, they are rarely thinking about immediate self-interest.” (Wilk, 1996, p. 8). Furthermore, substantivists regarded the economy to be based on entirely different logical principles in different societies. On the other hand, the formalists regarded economic behaviour to be based on rational choice and proposed a universal model since all societies have rational behaviour and scarce ends and means. “These anthropologists saw innovation, creativity, conflict, and logical reasoning instead of passive ‘sticking to tradition’ when they went to the field.” (Wilk, 1996, p. 8).

Since the 1970s, however, the formalist-substantivist debate has fizzled out; economic rationality and cultural and social embeddedness are no longer viewed as mutually exclusive. Furthermore, the scope has been broadened to include analyses of economic behaviour in developed as well as less-developed
countries and the global processes that influence the livelihoods and the economic behaviour of the people studied.

5.1.2 Actor and Structure

A basic feature of economic anthropology is the focus on agency and decision-making. Applied economic anthropology has shown that the problems of poverty are not caused by “illogical”, “irrational”, or even culturally biased behaviour on the part of the poor; but rather that poor people often work creatively with their few resources (Wilk, 1996, p. 20 + Chalfin, 2000, p. 993-1003). Economic anthropology allows for agency and individual capacities to play a role in economic transactions. Still, it does not neglect the overall structures that may constrain individual action. Actors act within these structures, exploiting the existing rationalities. Thus, social structure constrains human action, and at the same time human action creates and modifies social structure (Wilk, 1996, p. 144). This view is advocated by Pierre Bourdieu in his practice theory (Bourdieu, 2002, p. 22-23).

Instead of using the notion ‘society’ about the context of agents, Bourdieu uses the word ‘field’ to emphasize that society is not static but dynamic, historically constructed, and dependent on the relations between agents. “Agents, (…) create the space, that is to say, the economic field, which exist only through the agents that are found within it and that deform the space in their vicinity conferring a certain structure on it” (Bourdieu, 2000, p. 75). In order to determine the basis of agents’ economic reasoning and behaviour in particular situations, one needs to analyse the structure of the field. A field is an area where agents struggle to either preserve or change the configuration of that area to obtain a privileged position (Bourdieu, 2002, p. 28-29). In that struggle an agent depends on other agents and the relations between all agents in the field. Furthermore, an agent undergoes the effects of the field at the same time as the agent structures that field, but the force attached to an agent depends on its various strengths and assets, or in Bourdieu’s terms: capital. Thus, the options available for agents in a certain economic field depend on other agents in the field as well as the volume and structure of the capital the agent possesses in its different species. The overall forms of capital include four main categories, namely economic capital, cultural capital, social capital, and symbolic capital. Moreover, these can be divided into other capital forms, for instance economic capital includes: financial capital, technological capital, commercial capital, and organisational capital. Financial capital refers to the access to financial resources. Technological capital includes technical resources such as procedures, aptitudes, routines, and unique and coherent know-how that can be deployed in the design and manufacture of
products. *Technological capital* can play a crucial role in transformation of relations of force, but only when combined with other kinds of capital. *Commercial capital* (sales power) refers to the mastery of distribution, marketing and after-sales services. *Organisational capital* is related to the organisation of production and trade and includes the *capital of information* about the economic field. When it comes to *social capital*, it is the totality of resources activated through a more or less extended and more or less mobilizable network of relations (e.g. formal and informal networks, kinship, and friendship). *Cultural capital* is based on knowledge and experience for instance in the form of education, titles, and general knowledge. *Symbolic capital* is what certain social groups recognise as valuable. In the economic field, it lies in the value of goodwill and branding of companies and products (Bourdieu, 2000, p. 75-76). The value of *capital* in its various forms depends on the particularity of each sub-field e.g. the shea butter industry.

In relation to shea butter trade, it will be investigated which forms of *capital* are ascribed value by different groups and how the volume and structure of these forms of *capital* influence the options of small-scale shea butter producers. The different forms of *capital* makes it possible to take account of effects that occur outside of any interaction between agents namely the structure of the field, which, according to Bourdieu, is characterised by an unequal distribution of *capital* and thus restricts the ‘space of possibles’ open the less privileged (Bourdieu, 2000, p. 76-77). The focus is on power asymmetries and the mechanisms that make it possible to reproduce or transform relations of dominance (Bourdieu, 2002, p. 26). For instance, having little of or entirely lacking some forms of *capital* severely restricts actors’ bargaining power vis-à-vis more privileged actors. By analysing the nature and volume of *capital* possessed by shea butter producing women it is possible to map the options available to the women and the rationalities behind their decision-making.

Thus, the concept of *capital*, derived from economic language, combined with an understanding of the social and cultural structures and their dialectics can be employed to analyse the resources and properties of shea butter producing women.

**5.1.3 Rationalities**

Economic anthropology combines economic rationality with rationalities derived from social institutions and cultural norms. Thus, concepts from microeconomic theory such as scarce resources,
risk, supply/demand, maximization etc. can help to explain decision-making processes given a context of social organisation and cultural values.

Bourdieu attempts to construct a realist definition of economic reason that breaks with the neoclassical paradigm of *homo economicus*. While rational self-interest may play a role in decision-making, social and cultural forces cannot be left out. By means of the three concepts *habitus*, *capital*, and *field*, Bourdieu extends the notion of self-interest (Bourdieu, 2002, p. 35). For instance, regarding the determination of prices, Bourdieu explains that “the notion of the field breaks with the abstract logic of the automatic, mechanical, and instantaneous determination of prices in markets in which unfettered competition prevails” (Bourdieu, 2000, p. 77). It does so since the structure of the field - determined by power relations between actors, which in turn depend on the volume and structure of actors’ *capital* - forms the conditions in which agents negotiate purchase prices and selling prices. Consequently, actors are provided with a certain free play, without neglecting that decisions are choices among possibles, defined by the structure of the economic field (Bourdieu, 2000, p. 77).

According to practice theory, people work with rules, norms and social relations in a forward-thinking strategic way, using their knowledge to pursue their interests (Wilk, 1996, p. 142). At the same time people carry around with them a set of assumptions based on individual and collective history. Bourdieu puts the term *habitus*, or embodied history, on these properties, preferences, and tastes. “The habitus is socialized subjectivity, a historic transcendental, whose schemes of perception and appreciation (systems of preference, tastes, etc.) are the product of collective and individual history.” (Bourdieu, 2000, p. 84). *Habitus* is in many ways an embodiment of the various forms of *capital* possessed by a person. The *capital* of a person will thus influence practice via that person’s *habitus*. *Habitus* can be seen as a practical sense developed to handle structures and individual choices. *Habitus* makes for an enormous saving in calculation and time when it comes to decision-making and action. “It is, therefore, particularly well suited to the ordinary conditions of existence, which, either because of time pressure or an insufficiency of requisite knowledge, allows little scope for the conscious calculated evaluation of the chances of profit.” (Bourdieu, 2000, p. 85). The *habitus* produces reasonable expectations, which is the product of experience deriving from constant or recurring situations, and these expectations are immediately adapted to new but not radically unprecedented situations. The *habitus* can cause problems when reacting on unprecedented situations: “the specific efficacy of habitus can be clearly seen in all the situations in which it is not the product of the
conditions of its actualisation (…): this is the case when agents formed in a precapitalist economy run up, in some disarray, against the demands of a capitalist cosmos” (Bourdieu, 2000, p. 86). Reasoning deriving from habitus may be rational in a context corresponding with the one it has derived from, but not rational in a classical economic sense that excludes the social and cultural context.

To analyse the basis of human behaviour in situations of shea butter production and trade, one must seek out the rationalities that motivate decision-making. Rationalities based on cultural norms, social organisation, and economic maximisation are dialectic and are all playing a role in decision-making. In other words, beliefs, group dynamics, and calculations are all relevant and must be included in the analysis of small-scale shea butter producers.

5.1.4 Gender Structures and Dynamics

Since economic anthropology includes social and cultural structures in analyses of economic transactions, gender\textsuperscript{11} relations may be taken to the fore. It can be argued that economics has defined itself as an enterprise concerned with male-gendered activities, and has defined the things women do (such as non-waged housework) as noneconomic (Wilk, 1996, p. 16-17). Thus, women have been defined out of positions of power and control. In the following analysis of shea butter trade, women and their activities will be studied within an economic framework and with economic empowerment as a key issue.

Gender differences may impact significantly on the structure of the economic field in a given society. The capital possessed by women in relation to men determines their position of power and hence the level of inequality. Increasing some kinds of capital can lead to empowerment of women. By examining the volume and structure of the women’s capital it can be examined whether inequality is (re)produced, intensified or reduced when the female shea butter producers get linked to global markets and foreign corporations.

The position of shea butter producing women is determined by several forces and dynamics. “The field of forces is also a field of struggles, a socially constructed field of action in which agents equipped with different resources confront each other in order to gain access to exchange and to preserve or transform

\textsuperscript{11} Gender is defined in the anthropological sense as particular social and cultural distinctions that are associated with, but far from being the same thing as sexual biological differences (Wilk, 1996, p. 15)
the currently prevailing relation of force.” (Bourdieu, 2000, p 78). Hence, the structure of the field is not a given but can be changed over time when social structure and human action influence each other. Another dialectic that creates dynamism is the one between culture, social relations, and rational self-interest. “The term ‘dialectic’ generally means a kind of reciprocal causation between opposing forces or ideas that moves a system forward in time.” (Wilk, 1996, p. 141). In the case of small-scale female shea producers in northern Ghana, the forces that fuel socio-economic dynamics comprise of structure, agency, and cooperation (Chalfin, 2004, 245-249).

5.1.5 Sum-up
Economic anthropology can be employed to determine the basis of shea butter producing women’s decision-making and their ‘space of possibles’ in relation to global trade. In order to map their options, the structure and volume of the women’s capital play a crucial role. Furthermore, the habitus of the women can explain the basis of their decision-taking along with calculated self-interest. Bourdieu has developed these concepts through his empirical studies, which makes them suitable for analysis of the empirically based shea butter case study. The concepts described above will be further elaborated in the analysis of the empirical material. The question to be answered in the following analysis is whether the capital and habitus of the shea butter producing women are appropriate for entering global markets and interacting with foreign buyers and whether the women’s capital, and thus opportunities, can be expanded by entering global trade.

5.2 Shea Butter Producers and Their Context
Entering global trade is only a feasible strategy for small-scale shea butter producers when the adequate prerequisites exist. That is, when female producers possess the resources for production and trade in the form of financial, technological, commercial, social, organisational, cultural, and symbolic capital. It must be assessed whether shea butter producing women have such resources and properties, and if not, how they gain access to them. One needs to ask what the basis of human behaviour is in situations of shea butter production and trade. To answer this question, three interrelated areas must be analysed: (1) structures facilitating or retarding small-scale shea butter trade, (2) the role of agency of individuals, and (3) relationships among different agents. The interplay between agents and structures can be mapped by assessing the structure and volume of capital possessed by the shea producing women as well as the habitus of the women; that is the structure of the field. The structure of the field defines
which options agents can decide between in any given situation of decision-making but these structures can change over time. In the case of small-scale female shea butter producers in northern Ghana, the socio-economic dynamics depend on 3 forces.

(1) Structure: economic landscape and general female subordination.

(2) Agency: individual knowledge and economic initiative along with export capabilities and decision-taking.

(3) Cooperation: pooling of resources, linkages, and intermediaries.

5.2.1 Structure

Firstly, some of the most significant structures facilitating or retarding small-scale shea butter trade will be analysed. In chapter four, the global structures of shea butter trade were examined but these co-exist with structures specific to the local context.

Economic Landscape

When it comes to the trade of shea butter, structures of bargaining power form the basis of human behaviour. In chapter three, it was shown that the profits of shea butter producing women are minimal or non-existent. The overall problem is that the shea butter producing women are price takers and do not have the bargaining power and knowledge to set the prices to cover costs and secure a profit. The options available when selling shea butter in the local markets depend on the capital the women possess. Regarding commercial capital, the women are in a weak position since the distribution and marketing of shea butter are complicated and resource demanding. Firstly, shea butter is a perishable product especially when exposed to the heat in the marketplaces of Northern Ghana. If the women take their Calabash of shea butter to the marketplace, they will have to sell it before it melts and are thus not in a position to bargain for higher prices. “When the market is bad, I’m forced to sell at a low price since it will melt if I don’t sell it” (Interview: Sanatu). Secondly, the transport costs of taking the shea butter to the market are too high to consider taking it back to store it for a day with better prices. Usually, the shea butter is carried by the women on their heads or alternatively taken with public transport at substantial cost relative to income. When it comes to financial capital, the women usually do not possess slack resources. The income from the shea butter production is counted into a tight budget and the women need the money from the trade to buy food, household items and to bear the costs of producing a new batch of shea butter (Interview: Stella Nitori, Ayi, Sanatu). For instance,
when asked how she spends her profits, the shea butter producing women Sanatu answers: “I pay for school for my children, for food, and if anything is left, I buy cloth”. Thus, the women usually have no other option than selling to the prices they are offered in the marketplace. Moreover, the women have a weak position vis-à-vis buyers at the local market because they may not have the knowledge to set prices right. They will probably count the cost of shea nuts and milling into the price but may leave out the price of firewood and their own and helpers’ labour input. The organisational capital of the women in the form of information about the price structure of shea butter is very low, which limit their options of rational decision-making when it comes to pricing the shea butter.

So, in relation to buyers, the women’s volume of capital is low and their position of power is very weak. Thus, the price small-scale shea butter producers receive is unlikely to be fair when they sell the shea butter in the marketplace. Here, prices are usually set by the industrial buyers from the confectionary industry through traders and middlemen. Yet, when the women get linked up with buyers from the cosmetics chain, the capital balance, i.e. the structure of the field, is altered. In this case, the women’s knowledge and experience in relation to production of shea butter is highly valued, that is, they possess substantive cultural capital. Since it can be branded organic and ‘fair trade’, the shea butter produced by the women also invokes valuable symbolic capital. Furthermore, as concluded in chapter four, shea butter export to cosmetics buyers facilitates upgrading resulting in an increase in financial capital (loans or pre-payment), technological capital (improved technical procedures and equipment), organisational capital (better production procedures and knowledge about shea butter standards in the cosmetics industry), commercial capital (distribution and marketing of shea butter in new markets) and social capital (linkages to foreign cosmetics companies). Thus, linking up with cosmetics buyers can lead to an increase in the different species of capital and ultimately to less power asymmetry and thus larger bargaining power between shea butter producing women and the buyers of their product. So the structures of the cosmetics chain offer more opportunities to female shea butter producers of improving their position than the confectionary chain. Yet, if linkages between small-scale shea butter producers and cosmetics companies are not established, the women may face even lower demand and thus lower prices of shea butter since production of shea butter for confectionary as well as cosmetics purposes may become increasingly industrialised through local and foreign processing plants. In chapter 5.2.3, a closer look will be taken on the prospects of linkages and cooperation.
Gender Structure

As described in chapter 3, gender relations in Northern Ghana is defined by general subordination of women. Women are expected to take care of domestic work, including the provision of water and firewood as well as contributing with farm labour, which limits the time available for income generation. Women generally have no property rights or access to the cash that cultivating the land of male relatives may result in. In times of need, women will use their scarce cash for household necessities and have few if any credit opportunities. Lending opportunities are missing since conventional credit institutions do not give loans to poor women without collateral. The financial capital of women is prohibitively low in the sense that it increases insecurity and restricts income generation. Thus income opportunities and the options available to women are restricted by gender structures. For women possessing the skills, however, commercial production of shea butter can constitute an opportunity of income generation and capital formation. This kind of income generation is possible within the existing gender structures, since shea butter production is considered housework and an appropriate activity for women. Through shea butter processing, the domestic context can be utilised as a basis of commercial production and value-adding, which generates income and improves the position of women. Moreover, as will be elaborated on below, through cooperation, the women can pool resources e.g. cash and, among others, increase their financial capital.

However, the patriarchal structure of the society may pose other problems in relation to shea butter production. Problems with shea nut supplies may arise since men decide if shea trees on farmland should be removed or kept. Likewise, men usually own the donkey charts and other vehicles that can transport shea nuts and butter to the buyers. Considering the workload assigned to women in the household as well as in agriculture, one can imagine labour limitations especially during the farming season. Furthermore, the poor women are usually illiterate and must rely on men to manage accounts, weigh the shea butter and nuts etc. So, men generally possess more capital than women and are likely to be interested in maintaining this structure. Numerous examples show that whenever a crop becomes profitable and cash earning, men tend to take over control from the women. However, in the case of shea butter, gender structures protect women, since men simply do not know how to produce shea butter and it is not an option for them to learn it. When asked whether men will take over if shea butter production becomes profitable David Mensah answers: “No, the men have not interfered in the villages [where The Body Shop sources its shea butter] so far and I don’t think they will; at least no the next 50 years, since shea butter production is considered women’s work and they will never sit down to roast,
boil and knead the shea nuts/butter”. In Northern Ghana, the cultural assumption that household work, including small-scale production of shea butter, is exclusively a female domain is very strong. The *habitus* of males will compel them from learning to do manual shea butter processing at the same time as the women’s *habitus* will reserve the transfer of processing knowledge only to females. Thus, women can utilise their gender specific *capital* in relation to shea butter production to improve their position and obtain economic empowerment, as will be elaborated on below.

### 5.2.2 Agency

One of the purposes of including economic anthropology is to include the role of agency of individuals. Even though structures facilitate or retard options of individuals, people still work with the structures, trying to utilise the existing rationalities to improve their position. The options available to agents can be mapped by assessing the quantity and quality of their *capital*.

#### Knowledge and Economic Initiatives

The main *capital* of the shea butter producing women is their *cultural capital* in the form of expert knowledge. As mentioned, the production of shea butter in the traditional and organic way is a difficult task, and the knowledge required is accumulated over years through apprenticeship. There are no manuals or easy ways of acquiring these unique capacities; it is transmitted via “learning by doing” from the older women to the younger. This unique *cultural capital* can form the basis for income generation through the commercial trade of shea butter. As stated above, these capabilities are proprietary only to women and it is one of the few areas where women are traditionally and automatically granted crop control, since it is embedded in the *habitus* of both women and men. Even though women generally have few if any property rights, they do own the shea nuts they pick and the shea butter they produce, and the income they may generate from selling it is usually to the women’s disposal. This control stimulates savings and investment and may in turn, result in greater productivity as well as increased *financial capital*.

In relation to commercial shea butter production, besides their unique *cultural capital* in the form of processing skills, women can utilise their *social capital*. As shea butter production requires extensive mental and physical inputs, commercial production is usually a group endeavour. In the case of shea butter, the pooling of labour has provided the foundation for the initiation, sustenance, and expansion
of women’s participation in the market (Chalfin, 2004, p. 44). The motivation for the individual women to invest their time and labour in *social capital* formation comes largely from a profit seeking rationality. As described in chapter three, the reciprocal labour exchanges rest on the premise of individual enterprise and accumulation since profits are assigned to the individual woman. Thus, in this respect, calculated self-interest and maximisation work in tandem with *habitus* as the basis of decision-making.

**Export Capabilities and Decision-taking**

However, while the shea butter producing women do possess unique processing skills, they lack what can be termed export skills. The volume and structure of the women’s *capital* in relation to the export market, which include *technological, commercial, organisational, social, and cultural* capital, is not appropriate at present.

The *cultural capital*, in the form of knowledge and experience of the export market is virtually non-existent. The women are mostly illiterate, innumerate and do not know English, all of which pose difficulties when running a business and interacting with a foreign company. Regarding the *organisational capital*, the women have no knowledge of neither the confectionary nor the cosmetics markets in the US and Europe. They have no access to information about demand or quality requirements and thus no possibilities of complying with them. Moreover, the women may not be commercially minded in the sense of accepting that certain requirements and procedures must be followed when supplying a foreign buyer. “Another problem is that some shea butter producers think that too much refinement, which is required for international markets, will make their produce unmarketable at the local market so they are reluctant to adhere to the international standards” (Interview: Prosper Kweku Hoeyi). The women prefer to produce the way they are used to in agreement with their *habitus*. Due to the women’s lack of export knowledge they have no chances of calculating the profit potentials in the different shea markets. Moreover, the women prefer to keep risk as low as possible, since they usually have no slack resources in the case of failure and loss. They are used to producing a relatively small amount of shea butter to sell in the marketplace and consider it a risk to produce larger batches and comply with standards that are different from what is required in the local market. Furthermore, the women also consider it risky to lend the money for investing in larger amounts of shea nuts for processing. Thus, the decisions rational to the women of Northern Ghana, do not match the demands of large foreign companies.
Regarding *social capital*, the women possess it in the form of relations with other shea butter producing women, but they usually lack relations to cosmetics buyers and without such linkages, they are restricted to the economic options of the local marketplaces, which are severely limited. Thus, the structure of the *social capital* is crucial for the *commercial capital* and hence the economic prospects of the shea butter producing women (cf. chapter 5.2.3). Moreover, the *technological capital* of the women is usually very limited. Even simple inventions like grinding machines, methods to collect rainwater, roasting drums for saving firewood etc., is not widely available to the women. More expensive and complicated technologies, like presses are not appropriate for the women due to the *capital* (cash and expertise) required in utilising and maintaining such devices (Fold, 1999, p.116 + 121). These deficiencies limits the export capabilities of small-scale shea butter producers

### 5.2.3 Cooperation

So, an important issue is how to link shea butter producing women to global markets while securing them a better position in this trade. Some examples of small-scale producers taking advantage of global trade have been outlined in the literature review of chapter 4.2. Specific relationships among different agents make this trade possible. For instance farmer co-operatives and organisations as well as NGOs (e.g. the Fair-trade Labelling Organization) can play important roles (e.g. in the coffee and agro-food chains). Small-scale producers can also gain through closer cooperation with traders and processors who may engage in different forms of contract farming thus investing in upgrading of small-scale producers in order to get access to a high-value product (e.g. fresh fruit and vegetables, speciality coffee, cashew nuts). Finally, national governments can facilitate small-scale producers’ access to postmodern consumer markets through a range of measures. Below, the relationships relevant to small-scale shea butter producers will be outlined.

**Labour Exchange and Pooling of Resources**

As mentioned in chapter 5.2.2, the *social capital* of relations to foreign companies influence on *commercial capital* and thus on the overall economic prospects of the shea butter producing women. Due to their lack of *capital* in relation to export, it is difficult for the women to link up directly with foreign buyers.
When organised in groups the women increase their capital somewhat and are physically able to produce larger quantities. Cooperation in the form of work groups is not new to the women of Northern Ghana, who are already utilising kin as well as non-kin relationships and networks. The women in the work groups do not only share labour but also other scarce resources such as financial capital and tools. In addition, organisation of producer groups and pooling of resources could lead to collective purchasing of simple technical inventions, i.e. technological capital, to enhance the quality of the shea butter and reduce drudgery. The group formation can increase organisational capital by enabling the women to participate in the market on a larger and more efficient scale, by forging new solidarities, by increasing the voice of the women, and by qualifying the group for development support. Furthermore, cooperation in the form of larger, more formal cooperatives could be a way to increase organisational capital and bargaining power. Thus, the social capital accumulated through cooperation forms the basis for entering the global shea commodity chains as producers of high quality shea butter.

**Linkages with Foreign Buyers**

As mentioned, economic prospects for shea butter producing women seems greater in the cosmetics chain than in the confectionary chain. Through direct linkages to cosmetics companies resulting in a win-win situation where producers obtain higher prices and buyers the advantage of branding based on ‘fair trade’ and organic values, the position of female shea butter producers can be improved. This causality is linked to the concept of symbolic capital. Organic and ‘fair trade’ product qualities are ascribed value by postmodern consumers and generate demand as well as premium prices attractive to cosmetics companies. On the contrary, the customers of confectionary companies do no value these traits and due to the oligopoly situation, buyers of shea butter from the confectionary chain set prices very low and have no economic incentive to invest in quality. So, even if shea butter producing women form cooperatives, it is not very likely that buyers from the confectionary chain will increase prices. One opening could be the increased focus on corporate social responsibility but it has yet to manifest itself in higher prices (cf. box 2).
Box 3: Aarhus United (AAU) and CSR

In 2004, AAU launched a partnership and cost-sharing agreement with the UNDP called: “National Multifunctional Platform Programme for the Fight Against Poverty”. AAU wanted to demonstrate its role as a proactive and responsible corporate citizen by setting up a number of multifunctional platforms, which reduce the daily workload for women, as well as through establishing closer commercial relations. Through a diesel motor, the multifunctional platforms generate electricity in villages for husking rice, grinding cereals, pumping water etc. One of the aims of the platforms is to relieve women and girls of some of their daily work duties in the households, freeing up time for increased harvesting of shea nuts. The goal of the project is to set up four hundred platforms of which at least 40 percent will be upgraded with a water or lightning network and where the majority will be owned and managed by women. Thus, “This partnership supports Aarhus United’s shea supply strategy and simultaneously alleviates poverty and improves the living conditions for women and girls in the area, as well UNDP’s strive to meet the Millennium Development Goals” (Aarhus United, 2004, p. 3).

The cosmetics industry seems to be the market where opportunities for upgrading and increased prices are most likely. However, cosmetic companies establish contacts through trade shows and exchange information through mobile phones and the Internet. Furthermore, they demand large and regular deliveries of shea butter that comply with certain quality standards. It is very unlikely that a cosmetics company from the US, Europe or Japan can link up directly with women’s groups in Northern Ghana, since the structure of the women’s export capital as well as their habitus do not correspond with the demands of Northern cosmetics companies. Thus, there is a need for some kind of coordinating agency that can help the women to live up to the demands of cosmetics buyers.

The coordinating agency should possess the organisational capital that enables it to communicate with cosmetics companies so that they can land large orders. Regarding the supply-side, the coordinator should be linked to a network of women’s groups in order to procure large quantities of shea butter. The mediator should inject the organisational capital in relation to production and trade that the small-scale producers and cosmetics companies lack. To minimise the risk faced by the shea butter producing women, the coordinator must guarantee payment to the women, otherwise the women will rely on their habitus rather than complying with cosmetics companies’ demands that may entail larger profits but also higher risk. Moreover, without an organising agency, the women will face a lack of the financial capital needed to produce large batches of shea butter, as well as commercial capital in relation to storage, packaging and transportation. A coordinating agency should also be able to improve on the technological capital of the women by facilitating access to technical inventions.
Returning to the quality question, the basis of the transaction between cosmetics companies and shea butter producing women is the *symbolic capital* of goodwill and branding. The motivation of cosmetics buyers to source from Northern Ghana instead of industrial enterprises from the North is, after all, the possibility of branding products as organic and ‘fair trade’. Since, this *symbolic capital* is based on trust it must be guaranteed that the shea butter sold in the North is not only high quality but also organic and fairly traded. So the coordinating agency should be the third party guaranteeing these properties.

Thus, one or more agencies are required as mediators ensuring payment, delivery and quality standards hence minimising risk for both producers and buyers as well as making up for the women’s lack of export *capital*.

**Intermediaries**

Many shea butter producing women are organised in micro-credit groups, which can form the basis of further cooperation around production, storage, packaging and transportation of shea butter. As described in chapter 3, some NGOs are already engaged in furthering the conditions of small-scale shea producers. Organisations such as Aid for Development (Aford), Christian Children’s Fund of Canada (CCFC), Community Life Improvement Programme (CLIP), and Christian Mothers’ Association (CMA) do not only provide micro-credit to women’ groups but do also build the capacities of the women, improve their access to technological improvements, and search for forward linkages. In other words, they are improving on the *financial, cultural, organisational, technological, and commercial capital* of the shea butter producing women. Thus, if the role of NGOs in this area is expanded it could considerably strengthen the position of small-scale shea butter producers as potential suppliers of cosmetics companies by means of expanding their *capital*. The NGOs could function as facilitators and coordinators regarding capacity building, forward linkages, financial inputs, production technologies, storage, packaging, transport and even quality control in the form of supervising the processing of shea butter.

As an alternative to involvement by established NGOs, women’s groups could form their own network organisations, Community Based Organisations (CBOs), to connect with foreign cosmetics companies. However, export skills must be acquired by such networks e.g. by means of initial training and capacity development conducted by NGOs or private companies. The example of The Body Shop is instructive. The Body Shop used to cooperate with CMA to procure shea butter from women from Northern
Ghana, but now tries to interact more directly with the female producers through the CBO Tungteiya. However, there is still a need for a coordinating agency, namely NEA. The Body Shop envisages that in time they will interact directly with Tungteiya and the women in the villages. Another model is the UCK in Burkina Faso, which also provides some of the *capital* (training and linkages) that the local women need in order to export to the cosmetics industry. Additionally, CBOs could find the support needed to initiate export of shea butter to cosmetics buyers in organisations like MAPRONET, TechnoServe, or WATH.

Furthermore, private for-profit agents can function as intermediaries between foreign cosmetics companies and small-scale producers, for instance in relation to logistics. Apart from NEA and Tungteiya, The Body Shop relies on the logistics company GETRADE. In relation to *financial capital*, private credit institutions may be an opportunity in the longer-term perspective. As in the case of The Body Shop and Haymor Cosmetics, alliances with NGOs can be a stepping-stone towards more direct linkages between shea butter producing women and private companies.

Finally, government institutions could take care of some of the mediating functions. As described in chapter 4.3.2, the government of Ghana could potentially provide better transport opportunities, credit, quality control, and export coordination. NGOs like MAPRONET is advocating for such initiatives to improve *organisational, financial, and commercial capital* of small-scale shea butter producers. The Shea Network and ProKarite is working on a regional level to support shea trade and are obvious partners for a potential government body dedicated to the shea resource. Also the Fairtrade Labelling Organisation (FLO) could be a partner in relation to quality and certification.

Yet, relying on coordinating agencies also involve risks on the part of shea butter producers. The assistance they receive from the coordinator may lead to dependence; partly on the services of the coordinator, partly on the cosmetics company that buys the shea butter. Direct export of shea butter may cause dependence of households on foreign firms and the regularity of their orders. Furthermore, providing credit to the women in order for them to get the shea butter production running may lead to dependence on credit institutions with the risk of ending up heavily indebted.
5.2.4 Conclusion

To successfully link small-scale shea butter producers from West Africa and cosmetics companies from the North, the capital of the female shea butter producers needs to be expanded. Shea butter producers possess the cultural capital of knowledge and experience necessary for processing shea butter and they also have extensive social capital in the form of relations with other shea producing women with whom they pool resources and thus obtain increased efficiency. The issue of symbolic capital influence in which export market shea butter producing women can obtain fair prices. Since postmodern consumers demand and are willing to pay high prices for ‘natural’ cosmetics, the cosmetics chain is where an economic incentive exists for shea butter buyers to raise the prices paid to producers. It is here the existing rationalities and structures can be exploited to the advantage of small-scale producers. However, the shea butter producing women often lack export capabilities in the form of organisational, technological, financial, and commercial capital. These forms of capital are crucial to successful export of shea butter to cosmetics buyers. Furthermore, direct interaction between producers and buyers is unlikely because the habitus of shea butter producers does not correspond with the rationalities of cosmetics companies from the North. The differences in properties, preferences, and tastes make interaction difficult. Understanding and trust must be built before smooth transactions can take place. On top of these social and cultural differences, come concrete challenges such as access to finances, storage, packaging, transport, and quality control of shea butter. To overcome the discrepancies in habitus and the women’s lack of export capital, there is a need for coordinating agencies. This function could be managed by local NGOs, which are already organising women in micro-credit groups and improving the women’s capital. Other ways to foster linkages between the shea butter producing women and cosmetics buyers could be via networks for women’s groups and other Community Based Organisations (CBOs). Such networks can provide training and forward linkages for its members. The intermediaries needed could also be found in the private sector, organised on a for-profit basis. Furthermore, the Ghanaian government could play an important role in facilitating the shea butter trade of small-scale producers. It seems that if some of the above-mentioned agents engage in concerted action it can lead to socio-economic change that benefit small-scale producers. However, the women may find themselves depending on the coordinating agency and in turn on the cosmetics companies. Such dependency on external demand for quality shea butter makes up a substantial risk in the situation of very scarce resources that exist in Northern Ghana. If demand suddenly ceases, the livelihood of producers is in limbo. On the other hand, if small-scale producers do not manage to establish themselves as suppliers to the cosmetics industry, it is likely that shea butter
production will become increasingly industrialised, which will further reduce income potentials of shea butter production. If shea butter producing women manage to link up with cosmetics companies there is an opportunity for substantial economic empowerment and income opportunities that is not likely to be usurped by men. The production of shea butter is a deeply gendered activity, and the *habitus* of both women and men in Northern Ghana is likely to keep it so for any foreseeable future. Thus, gender inequality can be reduced through the economic empowerment entailed in trade linkages with cosmetics companies.

By supplementing the GCC analysis with concepts from economic anthropology, a fuller understanding of the role of agency has been achieved. Bourdieu’s complex concept of the economic field and the emphasis on relations secures that neither agency nor structure are prioritised as explanation. Brought together with the analysis of global economic structures performed in chapter four, the analysis of agents and structures in the local economy forms an extensive picture of the socio-economic dynamics related to shea butter trade. In chapter six, the discussion will be expanded from the specific case analysis to more general reflections.
6 Causalities and Generalisations

In the following, the analytical outcomes of employing the GCC framework along with concepts from economic anthropology will be assessed. Focus will be taken from the specific case analysis to a more general level, and the validity of some of the theoretical concepts will be discussed. Furthermore, it will be assessed which conclusions can be generalised and which remain specific to the case.

To begin with, the GCC framework was used to synthesize information about shea butter in a case study, outlining the geographical coverage and input-output structures of the shea GCCs. Then the key concepts of governance and upgrading were applied to the case to establish the nature of driveness and opportunities for upgrading. It was concluded that both shea butter GCCs are buyer-driven. Yet, the concept of buyer-driven as opposed to producer-driven can be questioned. Aren’t cosmetics companies and industrial buyers actually *producers* of cosmetics and CBEs respectively? It can be argued that the clearly producer-driven and clearly buyer-driven chain are theoretical simplifications in opposite ends of a continuum, and the shea case goes to show that in reality, the distinction between buyer-driven and producer-driven chains is not so clear and maybe not particularly appropriate. Cosmetics companies such as The Body Shop are indeed brand-named merchandisers but are also producers of their own cosmetics. In the confectionary GCC, the industrial buyers are chain drivers, and since they are engaged in industrial production the chain fits the label producer-driven, but from the perspective of suppliers, CBE factories remain in the buyer role. The question is, whether the distinction of buyer-driven versus producer-driven makes much sense. While the concept of governance and driveness is crucial to establish global socio-economic dynamics and power relations, the buyer-driven versus producer-driven distinction does not enrich the analysis. Regarding governance, an interesting point is that in the main markets of the GCCs under scrutiny, governing firms, whether producers or buyers, are operating in more or less oligopolistic markets. This is the case for supermarkets in the agro-food chain, roasters in the coffee chain, international commodity traders in the cashew chain, and CBE factories in the shea butter chain. Further, a common feature is the focus on price and cost minimisation. In these chains, power asymmetries are large and subordinate chain agents have little influence and are often offered low prices. For the same product categories, alternative markets and buyers (e.g. food coops, café chains, cashew processors, cosmetics companies) offer suppliers a better position. Thus, it seems that the competitive position and the type of market the lead firm appeals to rather than the function of the firm as either producer or buyer, are decisive to upgrading and price
increases for subordinate chain agents. From the GCC analyses, some important drivers of upgrading have been deduced, namely lead firms, quality regimes, and government intervention. These concepts are equally relevant in both shea chains, as well as the agro-food, speciality coffee, and cashew GCCs. In fact, I would argue that these drivers of upgrading are central concepts in any GCC analysis with focus on the least privileged nodes in the chain.

The difference between industrial/market and domestic/civic quality conventions is very central in relation to governance and upgrading. GCC literature (e.g. Humphrey, 2004 + Ponte, 2005 + Raynolds, 2004) suggests that lead firms can solve quality problems either by certification/standardisation or increased vertical coordination, each influencing the situation of producers differently. A conclusion of the shea butter study seems to be that in order to reach a standardised, high-quality product, buyers need to invest in suppliers; hence, the two alternatives are not mutually exclusive. This is also the case regarding other new tropical commodities e.g. organic agro-food, speciality coffee, and unscorched cashew nuts. Standardisation of suppliers’ products and partaking of lead firms go hand in hand in relation to civic/domestic quality regimes, whereas industrial quality conventions (e.g. shea butter for CBE, agro-food for supermarkets, low-price coffee) seem to result in less involvement and hands-off coordination.

Softening the distinction between buyer-drivenness and producer-drivenness may enhance the focus on the other nodes in the chain. By using the term buyer-driven one may come to concentrate too much on the buyer-supplier relationship and neglect the other nodes in the chain, e.g. different forms of trade agents, middle-men, intermediaries as well as end consumers downstream the chain and agents at the source of the chain. In the case of shea butter, consumers are playing a major role since they strongly influence the quality regime of the chain. If end-consumers are health seekers, as they are in the cosmetics chain, a rather different quality regime dominates than when end-consumers demand cheap snacks, as is the case in the confectionary chain. Agents at the source of the chain are also important since they determine the availability of raw materials. Finally, intermediary agents, in some cases traders, in other processors, and in yet other NGOs, may play vital roles for the smooth functioning of a GCC. The cosmetics chain in the shea butter case stands out due to the opportunity of eliminating profit grabbing middlemen and making more or less direct relations between buyers and suppliers. If middlemen are left out, producers are likely to gain a larger share of profits, yet, even in the cosmetics shea GCC some coordinating agencies must be in place to smooth global transactions. The need for
middlemen and mediators in global trade is a generalisable and well-known conclusion; what is interesting is that the coordinating agencies must not necessarily be profit-based and can take forms that benefit small-scale producers rather than take advantage of them.

General to agricultural commodity chains is the presence of power asymmetries between different agents in the chain. As mentioned, these may be more or less pronounced and what the research suggests is that the traits of new tropical commodities make way for more equal and more direct relations between producers and buyers. By upgrading suppliers, buyers of new tropical commodities can source products that offer high profit margins, spurring higher prices in all nodes of the chain. In chapter 2.2, it was stated that scientific generalisation is attempted by developing feasible and sustainable suggestions to how small-scale agricultural producers can obtain a better position through global economic networks. What the analyses suggest is that GCCs sourcing new tropical commodities offer small-scale producers an improved position in terms of upgrading and higher prices. New tropical commodities differ from the usual developing country exports in that they appeal to postmodern consumers, a ‘premium’ price segment, and herein lies the opportunities of small-scale producers for better prices and upgrading. Supplying global economic networks trading new tropical commodities is thus a venue to be further explored by small-scale producers in the developing world.

Another set of power relations that may be altered by entering global economic networks is that between women and men. In societies like the Northern Ghanaian, where women are disproportionately affected by poverty and marginalisation and where women’s prospects of income generation are limited, shea butter production offers a unique opportunity. In the case of shea butter production, the household/community can be utilised by the women as a base of commercial activity while staying within the boundaries of the existing structures and rationalities. Actually, gender structures protect the rights of women to produce shea butter, which in turn can result in income generation. Economic empowerment of women does in most cases result in increased esteem and power in the household and the community. Thus, gender inequalities may be reduced when women are integrated in the global trade of organic and ‘fair trade’ shea butter. This may be a conclusion rather unique to shea butter, but on the general level it offers an important glimpse of poor women’s coping strategies and capabilities. The capabilities and coping strategies of women (and men) in developing countries may in many cases be an indispensable basis of development assistance.
In line with critical realism and the economic anthropology perspective, the situation of small-scale producers can be improved if certain structures are altered and certain powers activated, the latter including improvement of the small-scale producers’ capital. By breaking the economic reality of shea butter producers into parts, i.e. different forms of capital, it is possible to distinguish where the capital of the women must be improved and expanded in order to change their situation and this method can be generalised. For example, identifying the mismatch of capital and habitus between producers and buyers may also be useful in relation to other commodity producers. The specific combination of agents that must be activated to change the situation may differ in each case, but there are overlaps. Some categories common to shea butter, coffee, agro-food, and cashew nuts, are producer organisations/co-operation, NGOs, buyers/traders, and governments. If some of these actors engage in concerted action it can lead to socio-economic change that benefit small-scale producers. An important reflection regarding local NGOs in Northern Ghana is that their activities regarding shea butter are very similar and if coordinated could probably form a better basis for export of high quality shea butter. A general point is that some dynamics must push in the same direction; none of the actors are likely to change much single-handedly. By looking critically at the situation of small-scale producers it can be seen that some perceptions need to be changed. More cooperation between different actors from various parts of society - civil society, the state, and the private sector – is needed.

The purpose of working with a case study, and thus an intensive research approach, is to seek out what makes things happen in specific situations and to look for main causal relationships. The problem is explored in depth rather than width, which reveals important complexities. As described above, the explanations and conclusions derived from the analysis may be generalised to some extent. At the very specific level, each case is unique but some main actors and causalities can be deduced from the investigation of the case, which may also apply in other cases. The theories have been employed to seek out the generalisable features and key causalities, and it can be seen that some aspects have occurred in both the GCC analysis and the economic anthropology analysis, which emphasize their importance. For instance, the main actors have occurred both in chapter 4 and 5 and the concepts of quality conventions (chapter 4) and symbolic capital (chapter 5) have been used in an overlapping manner. Moreover, analysing the structure of the field reveals agents’ position of power (which is based on the structure and volume of an agents’ capital); an analysis analogous to the analysis of power relations on a global level performed by means of GCC analysis. Finally, Bourdieu’s concept of capital finds related concepts in locally-specific assets (Gibbon) and competitive advantage/economic rents.
Thus, it has been prolific working with two branches of theory that both deal with socio-economic dynamics but differ significantly in other respects. Regarding the global economic networks and their impact on small-scale producers from developing countries, the crucial factors drawn out in the analysis are lead firms, quality regimes, and national governments. When it comes to the local level, the capital of small-scale producers will influence their economic options, and thus agents as well as the structure of the field determine the position of small-scale producers. By using the two theories it can be deduced that global trading structures and local producer capabilities need not be static but can, if certain dynamics and agents (e.g. CBOs, NGOs, local and global companies, governments) co-act, be changed to the advantage of small-scale agricultural producers.

Not only the position of small-scale producers is addressed. Scientific generalisation is also attempted by expanding, qualifying or disqualifying the theories applied. The analyses confirm that GCC analysis and concepts from economic anthropology can be applied to the cases presented. The two approaches supplement each other well, but it seems that alone each of them lack some angles important for performing a comprehensive analysis of the situation of small-scale producers in the global economy. GCC analysis is strong in relation to global structures and interdependencies but lack a focus on the circumstances of small-scale producers in developing countries. Economic anthropology balances the importance of agency and structure and can give a rich picture of the context and options of small-scale producers, but may not capture the dynamics of global economic interconnections. Yet, as described above some concepts are overlapping and could be points of departure for expanding the theories.
7 Conclusions

The main purpose of this thesis has been to examine the opportunities of global economic networks from the perspective of poor small-scale agricultural producers. By means of the case study of small-scale shea butter producers in Northern Ghana, it has been attempted to present concrete evidence about the effects of economic globalisation on small-scale agricultural producers from developing countries. The research has been carried out guided by the research question: How can small-scale female producers of shea butter in Northern Ghana obtain fair prices for their products? With the two sub-questions: (1) To what extend can participation in global economic networks offer opportunities of upgrading and fair prices? (2) Do the adequate prerequisites for global trade exist on the local level, if not, how can they be facilitated?

Answer to Sub-question 1

The first part of the analysis (chapter 4) examined the global economic networks of shea butter, in terms of benefits and disadvantages of participation in global commodity chains. The global shea butter commodity chain is bifurcated into the confectionary and the cosmetics chains. Even though these two chains are both strongly buyer-driven they differ significantly. The lead firms in the confectionary chain are the industrial CBE producers, predominantly situated in the global North. These industrial companies form an oligopoly market with only four companies of this type worldwide and are very powerful in relation to suppliers. There are substantial entry barriers to this node of the chain since CBE production requires specialised technical skills and complicated machinery. Yet, competition between CBE producers is vigorous and profit margins are kept down, which in turn influence the prices paid to shea butter producers. These prices are very low, and because of the dominant position of the industrial lead firms, suppliers cannot influence prices. The chain is characterised by an industrial quality regime, where inputs of fluctuating quality are processed into a very uniform, standardised product. CBE producers and their customers, the chocolate producers, regard shea butter to be a cheap bulk commodity. Together the above-mentioned characteristics result in little room for upgrading and fair prices for small-scale shea butter producers in the confectionary chain.

The cosmetics chain make up some 5-10 percent of total shea butter exports and has experienced pronounced growth rates in recent years. Global branded cosmetics companies are buyers of shea butter in this chain, although only a few source directly from the shea butter producing women in West
Africa. Yet, in the cases where they do, upgrading and higher prices are offered to suppliers. In the cosmetics chain, shea butter is a high-value, self-care product demanded by postmodern consumers. ‘Fair-trade’ and organic shea butter is evaluated according to the civic quality convention, which implies higher profit margins throughout the chain and larger scope for upgrading and fair prices for producers. Compared to the captive confectionary chain, the cosmetics chain is more relational with less power asymmetries between producers and buyers. Yet, power asymmetries are bound to continue and the chain is strongly governed by branded cosmetics companies. On the other hand, highly governed chains can also offer both high challenge and high support. The GCCs for organic agro-food, speciality coffee, and ‘fair trade’, organic shea butter show some common trends of buyer-driveness, quality management as a key aspect, and higher degrees of governance and vertical coordination leading to more upgrading opportunities and higher prices for suppliers. The organic agro-food, speciality coffee, and cosmetics shea butter chains are all dominated by lead firms from the global North, and in the cases where civic and domestic quality regimes are ruling there seems to be room for upgrading of small-scale producers. Cashew nuts have the potential of appealing to postmodern consumers within a civic quality regime, but as it is now, buyers are mainly international traders, who are not linked directly to postmodern consumers and have no incentive to engage in upgrading of producers. As an alternative to traditional developing country exports, which usually create little value-added in developing countries, new tropical commodities seem to offer better prospects for producers. New tropical commodities signify a product category that adds value to agricultural exports by focussing on high-return, differentiated products desired by postmodern consumers. Yet, to take advantage of this market, small-scale producers need to establish linkages to buyers from the North. This process may lead to a concentration of suppliers and thus exclusion of some producers. For instance, this seems to have been the case in the fresh fruit and vegetables GCC between African producers and large UK supermarkets.

What can also be learned from the GCC analysis of shea butter, agro-food, coffee, and cashews is that national governments need to play facilitating roles, for instance in relation to infrastructure, quality standards, and linkages between producers and buyers. So, from the GCC analysis some main drivers of upgrading appear: lead firms, quality regimes, and government. GCC analysis and a focus on quality regimes take to the fore new tropical commodities’ potentials of benefiting small-scale producers of non-traditional agricultural exports. Shea actually exemplifies the difference between old and new tropical commodities, in that shea in the confectionary chain is a cheap bulk commodity with low
upgrading and profit potentials, whereas shea butter in the cosmetics chain is valued for its organic and ‘fair trade’ properties, which in turn form the basis of upgrading and fair prices to small-scale producers.

Answer to Sub-question 2
Adding value to developing country exports by means of differentiated non-traditional agricultural products such as shea butter is, however, only a feasible strategy when the adequate prerequisites exist on the local level. This problem is examined in the second part of the analysis (chapter 5). The women that produce organic and ‘fair trade’ shea butter need to be able to interact with and fulfil the requirements of cosmetics companies. To establish whether this is the case, a closer look on the capital of the women and their habitus is needed. Agents, e.g. small-scale shea butter producers, struggle to preserve or change the structure of the field in order to improve their position and whether they succeed depend on the structure and the volume of their capital. It seems that the women lack export capital that is organisational capital, technological capital, financial capital, commercial capital, and the cultural capital of formal education. What the shea butter producing women do possess are the cultural capital of producing shea butter, the social capital of networks in the community and labour exchange, as well as the symbolic capital of ‘fair trade’ and organic shea butter. Due to their lack of organisational and commercial capital, the women do not have the capacities to rationally calculate which markets to produce for. Thus, their decisions are determined by their habitus, and the women produce in accordance with the requirements of the local market. In other cases habitus and calculated self-interest work in tandem: women can choose to engage in shea butter production for generating income because it is traditionally a female activity (habitus) but the cooperation around commercial shea butter production is based on individual maximisation (self-interest). So here the women exploit the existing rationalities to their benefit seeking economic empowerment.

Due to their lack of export capital, there is a need for intermediaries to enable the shea butter producing women to link up with cosmetics companies. To foster the involvement of shea butter producing women in export to cosmetics companies, an initial involvement of NGOs seems necessary, especially in relation to training and establishment of linkages. Yet, since NGOs may not be enduring organisations or may change their focus, it is important that partners from the private sector and government agencies are involved. Several of these agencies must cooperate to make the trade of organic and ‘fair-trade’ shea butter feasible; in a longer-term perspective the number of agencies
involved may be reduced. Fundamentally, cooperation between small-scale shea butter producers and cosmetics companies must be based on a win-win situation; otherwise the trade will not be sustainable. Yet, supplying cosmetics companies involves risk for the shea butter producing women since they may become dependent on the cosmetics companies as their basis of income. If cosmetics companies fail to place orders, the livelihood of the women is threatened. Hence, the importance of profitable business rather than charity. The example of The Body Shop shows that shea butter producing women can obtain significantly higher prices as suppliers to the cosmetics industry than when selling in local marketplaces (one-third higher prices and ten times higher profits). This increased income can lead to economic empowerment of women, by means of the gender specific shea butter production. Usually, cash crops belong to the domain of men, but shea butter production is an area where the women of Northern Ghana have crop control, which is not likely to change in any immediate future due to the *habitus* of both women and men. So, by means of more profitable shea butter trade, gender inequalities can be reduced.

**Answer to Research Question**

Having examined the sub-questions, the answer to the research question can be deduced. Small-scale female producers of shea butter in Northern Ghana are likely to obtain fair prices for their products, as well as upgrading, by participating in global economic networks, more specifically when selling ‘fair-trade’ and organic shea butter to branded cosmetics companies. Thus, participation in global economic networks that supply postmodern consumers demanding ‘fair-trade’ and organic products, can lead to economic empowerment of shea butter producing women. To facilitate this kind of trade, concerted action by different agents such as CBOs, NGOs, government, and private companies are required, at least in the initial stages. There are reasons to expect that such agencies will co-act since they all have an interest in furthering high-value shea butter trade. Local organisations can secure their members higher profits, NGOs can further goals of poverty reduction and gender equality, the Ghanaian government can improve the trade balance and reduce poverty (cf. the GPRS), and private companies can improve profits and image. Of cause, there will also be some dynamics drawing in the opposite direction, but the opportunities of fair trade are there.

**General Answers**

Some of the causalities deduced from the analysis can be generalised. For instance, the situation of small-scale shea butter producers is characterised by power asymmetries, where buyers are much more
powerful and have larger bargaining power (capital) than producers. A way to alter these asymmetries is to target a market segment where the products of small-scale producers are ascribed greater value. These dynamics do not only apply to shea butter but also to other agricultural commodities that appeal to postmodern consumers, namely new tropical commodities. GCC analysis is very suitable for analysing this product category and its implications for the governance and structure of global economic networks. Furthermore, some drivers of upgrading in GCCs emerge, which have general applicability, namely lead firms, quality regimes, and governments. So besides illustrating shea butter production in Northern Ghana and its global interconnections, the case analysis leads to some generalisable conclusions applying to other agricultural commodities as well. Besides reaffirming the usefulness of the GCC framework, the analyses enhance the scope of global commodity chain analysis in relation to small-scale producers of agricultural commodities.

While including small-scale producers, the GCC framework does not elaborate much on producers and their immediate context. To examine this node of global commodity chains properly, GCC analysis must be supplemented with other approaches. By means of concepts from economic anthropology, a causal relationship related to mismatch of capital and habitus between small-scale producers and global buyers has been uncovered. This category is likely to be general, although the solutions to the problem may be specific to each case examined. In general, it can be established that small-scale producers can become economically empowered if certain structures are altered (e.g. quality regimes, buyer oligopoly, government bias) and certain powers activated (e.g. improving the capital of producers). This transformation depends on a wide range of people, organisations, and institutions that operate in the field. Thus, to ensure small-scale producers’ access to profitable markets, a package of assistance from different agents is needed rather than one singular ‘solution’. Individually and without assistance, small-scale producers face few options in relation to direct export of their products to high-value markets. The case study shows that choices of individuals are important but that they are shaped by larger frames of meaning and action, a dialectic that can be captured by using concepts from economic anthropology. Furthermore, when analysing the situation of small-scale shea butter producers the idea derived from economic anthropology that social, cultural, and economic rationalities are all relevant and influence each other has been confirmed.

Socio-economic dynamics are spurred by many different forces, which is why different theories and concepts must be employed to carry out a reliable analysis. The analytic frames employed to analyse
the case study have supplemented each other leading to an understanding of shea butter producers’ situation, their role in international trade, and their possibilities for obtaining better livelihoods through global economic networks. Furthermore, the theories have been qualified and enriched so that reciprocal clarification of images and analytic frames has been the outcome. Thus, knowledge about how to ensure reasonable incomes for the producers of tropical commodities, such as shea butter, has been expanded.
8 Perspectives

In the following, some discussions derived from the analysis will be sketched out. The empirical question of long-term ‘side-effects’ of shea butter export will be touched upon. Furthermore, the perspectives of enhancing the GCC framework in relation to small-scale agricultural producers will be briefly discussed.

If the export of organic and ‘fair-trade’ shea butter to cosmetics companies becomes successful, some long-term risks and counterproductive dynamics may occur in producing countries. Firstly, poor women’s increased income generation from selling shea butter to cosmetics companies could become ‘too’ successful a strategy if girls are increasingly needed as helpers. In the long-term perspective it could be a threat for sustainable empowerment if girl children quit school in order to help their mothers or aunts produce shea butter. Secondly, the issue of long-term ecological sustainability emerges. At present there is no propagation of shea trees in Ghana, which may form a problem in the long run. As of now there are plenty shea trees and significant amounts of shea nuts are not being picked. Yet, there is a growing pressure on land in Northern Ghana, which is likely the threaten shea trees as land is being cleared to grow other food or cash crops. A third aspect is the international regulatory framework. This thesis is written with a background in an almost totally liberalised trading system. There are virtually no regulations or trade barriers (tariffs and quotas) on import or export of shea butter for cosmetics purposes, neither in the Sub-Sahara African exporting countries, nor in the importing countries in the North (the EU and the USA). This situation is not to be taken for granted and may change over time. Fourthly, a long-term commitment of NGOs may be questionable. NGOs have been concluded to play a significant role in facilitating links between small-scale shea butter producers and branded cosmetics companies but this way of structuring cooperation may entail its own problems. NGOs may vanish or change their focus. This may happen since NGOs have a tendency to follow funding, i.e. donor demands. At present the donor community (e.g. Oxfam, USAID, Danida) are very positive towards development of the shea resource, but this may change. Finally, in relation to private companies there is a risk of exploitation. In the case of The Body Shop, shea butter producing women are paid around 1/3 more for their produce than the price of shea butter in local markets, and achieves up to ten times higher profits. In order to use ‘fair trade’ in branding their products, such premiums must be retained. However, companies that are not so focussed on ‘fair trade’ may get away with significantly lower prices. One example is Aarhus United, who even though they consider themselves socially responsible
is not willing to raise prices. Overall, increasing shea butter exports for the cosmetics industry is in the interest of private firms (local and foreign), NGOs, and even the government of Ghana. This merging of interests between powerful actors contains the risk that the interests of female, small-scale producers of shea butter will be forgotten or overruled.

Regarding theoretical reflections, global commodity chain analysis has been successfully employed to map out the global structure of trade in agricultural commodities. Yet, the above analyses have also shown that GCC analysis does not automatically elaborate on small-scale producers in developing countries. On the other hand, the GCC framework does not totally exclude these people, who are often part-takers in global agricultural commodity chains in nodes upstream the chain. Some concepts such as locally-specific assets, competitive advantage, and rents have entered GCC analyses and can be utilised to analyse the specific capabilities and conditions of small-scale agricultural producers. In relation to development studies – agriculture is usually the main economic sector in developing countries - it could be fruitful with a more consistent and extensive integration of the small-scale producer level in the GCC framework. Since the GCC framework is constantly developing, there may be scope for an extension in this direction for instance by means of concepts from economic anthropology, as suggested in this thesis.
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Appendix A - Summary
This thesis examines the opportunities of global economic networks from the perspective of small-scale agricultural producers. By means of a case study of small-scale shea butter producers in Northern Ghana, it presents concrete evidence about the effects and opportunities of economic globalisation on small-scale agricultural producers from developing countries.

The analysis of the case is undertaken by means of global commodity chain (GCC) analysis along with concepts from economic anthropology. The GCC framework is employed to examine the global trade patterns and structures of global economic networks in relation to shea butter. GCC analysis is used to point out the global dispersion of activities, where power is situated in the commodity chains, the opportunities of entering the chain, and the possibilities for subordinate chain agents to upgrade activities and enhance profits. This includes analysis of input-output structures, geographical coverage, governance structures, and institutional frameworks of global shea commodity chains. To enhance the scope of the analysis, the global commodity chains of organic agro-food, speciality coffee, and cashew nuts are also examined. Yet, GCC analysis does not put much focus on the agency of small-scale agricultural producers or other actors in developing countries. Thus, the GCC framework is supplemented with economic anthropology, which provides the conceptional tools for analysing the role of agents and socio-economic structures in the local economy. According to Pierre Bourdieu (2000), the options available for agents in the economic field depend on the volume and structure of the capital the agent possesses in its different species: financial capital, technological capital, commercial capital, organisational capital, social capital, cultural capital, and symbolic capital. Along with the concept of habitus, the different forms of capital are employed in the analysis of small-scale shea butter producers and their context.

The global shea commodity chain is bifurcated into the confectionary and the cosmetics chains. The lead firms in the confectionary chain are industrial processors predominantly situated in the global North. The industrial processors regard shea butter as a cheap bulk commodity in line with other traditional developing country exports. Price competition, industrial quality standards, and power asymmetries result in little room for upgrading and fair prices for small-scale shea butter producers in the confectionary chain. The cosmetics chain make up some 5-10 percent of total shea butter exports and has experienced pronounced growth rates in recent years. In the cosmetics chain, shea butter is a high-value, self-care product demanded by post-modern consumers. ‘Fair-trade’ and organic shea
butter belongs to the civic quality convention, which implies higher profit margins throughout the chain and larger scope for upgrading and fair prices for producers. The organic agro-food, speciality coffee, cashew nut, and shea butter commodities can be termed new tropical commodities and their GCCs show some common trends of buyer-drivenness, quality management as a key aspect, and higher degrees of governance leading to upgrading/higher prices. As an alternative to traditional developing country exports, which usually create little value-added in developing countries, new tropical commodities seem to offer better opportunities for producers. New tropical commodities signify a product category that adds value to agricultural exports by focussing on high-return, differentiated products desired by postmodern consumers.

Adding value to developing country exports by means of differentiated non-traditional agricultural products such as shea butter is, however, only a feasible strategy when the adequate prerequisites exist on the micro-level. The women that produce organic and ‘fair trade’ shea butter need to be able to interact with and fulfil the requirements of cosmetics companies. To establish whether this is the case, a closer look on the capital of the women and their habitus is needed. The shea butter producing women possess the cultural capital of producing shea butter, the social capital of networks in the community and labour exchange, as well as the symbolic capital of ‘fair trade’ and organic shea butter. However, the women lack export capital, namely organisational capital, technological capital, financial capital, commercial capital, and the cultural capital of formal education. Due to their lack of export capital there is a need for intermediaries enabling the shea butter producing women to link up with cosmetics companies. These intermediaries could for instance be CBOs, NGOs, partners from the private sector, and government agencies. Several of these agencies must cooperate to make the trade of organic and ‘fair-trade’ shea butter feasible; in a longer-term perspective the number of agencies involved may be reduced. Usually, cash crops belong to the domain of men, but shea butter production is an area where the women of Northern Ghana have crop control. So, by means of more profitable shea butter trade, gender inequalities can be reduced.

Thus, shea butter producing women can obtain better prices by gaining access to a post-modern consumer segment through the cosmetics GCC, but to ensure small-scale producers’ access to this market, assistance from different actors is needed. The dynamics of the shea butter GCC do not only apply to shea butter but also to other agricultural commodities that appeal to post-modern consumers, namely new tropical commodities. In relation to new tropical commodities, some drivers of upgrading
emerge, which have general applicability, namely lead firms, quality regimes, and governments. Actors on the local level include CBOs, NGOs, and private companies.
Appendix B - List of Interviews and Observation Sites

Key informants - NGOs
Mr. Solomon Anao, Amasaachina, Tamale, 14.10.04
Mrs. Truelove Antvoi-Bekoe, Mapronet, Tamale, 06.10.04
Mr. Prosper Kweku Hoeyi, Oxfam, Tamale, 06.10.04
Mrs. Paulina Krah Kumah, Christian Mothers’ Association (CMA), Tamale, 20.01.05
Mr. David Mensah, Northern Empowerment Association (NEA), Tamale, 15.12.04
Mr. Hammond Kwaku Mensah, TechnoServe, Tamale, 05.11.04
Mrs. Della Mumuni, Aid for Development (Aford), Tamale, 13.10.04 + 14.01.05
Mrs. Stella Nitori, Tungteiya women’s group, Jisonayili, 29.01.05
Mrs. Judith A. Seidu, Community Life Improvement Programme (CLIP), Tamale, 17.02.05
Mrs. Joanna Akonsi Teviu, Christian Children’s Fund of Canada (CCFC), Tamale, 25.11.04 + 16.02.05

Key informants - Companies
Mr. Jean Banboukian, Kassardjian, Tamale, 03.11.04
Mrs. Sara Clancy and Mr. Mark Davis, The Body Shop (UK), Tamale, 13.01.05

Key informants - Researchers
Mr. Peter Lovett from West Africa Trade Hub, Tamale, 14.02.05
Mr. Joshua Yidana, head of horticultural department at the University for Development Studies (UDS), Nyanpala, 25.01.05

Key informants – Government agencies
Mr. Salifu A. Braimah, Ghana Export Promotion Council 01.11.04 + 17.02.05

Shea butter producers
Mrs. Ayi from Zugu (near Yendi), 20.10.04
Mrs. Sanatu from Zugu (near Yendi), 20.10.04

Sites of shea butter production
Jisonayili village
Vittin village
Yendi village
Zugu village
Bluemont factory in Tamale

Market places
Bawku
Bolgatanga
Tamale
Wa
Yendi
Appendix C - Example of Interview Guide

1. Activities related to shea butter e.g.:
   - How many women’s groups do you support?
   - Where are they situated?
   - How are the women organised?
   - How many women produce shea butter?
   - How many women could potentially be engaged in shea butter production?
   - How much shea butter can a women produce per week or month?

2. Costs of shea butter production e.g.:
   - Do the women have access to grinding machines in the communities?
   - What is the cost of a grinding machine?
   - What is the cost of building a shelter for storage and production?
   - What is the cost of renting or buying common storage facilities in Tamale?
   - What is the cost of arranging transport of the shea butter from Tamale to Accra?
   - What is the size of the loans the women are receiving and what are the interest rates and repayment period?

3. Prices of shea butter e.g.:
   - What is the price of an 80 kg bag of shea nuts?
   - How many kg of shea butter is it processed into?
   - What is the price paid for that amount of shea butter?
   - What is the price of grinding 80 kg of shea nuts?
   - What is the price of firewood for processing 80 kg of shea nuts?
   - What is the cost of transporting the shea butter to the market?

4. Shea butter market e.g.:
   - Does the price of the shea butter on the open market depend on quality?
   - Do local women use the shea butter in the household?
   - How much of the shea butter sold in the open market is purchased by local women, how much is sold to middlemen for export?

5. Work load of women e.g.:
   - Are there times of the year when the women have difficulties producing shea butter?

6. Other e.g.:
   - How is the quality of the shea butter assured?
   - Will men try to take over control of the sb production if it becomes profitable?
   - What is the time horizon for the shea promotion activities of your organisation?
   - If or when your organisation pulls out of this area, how can the shea production be coordinated?

7. Further contacts
Appendix D – Example of Interview Notes

Christian Mothers’ Association (CMA)
Paulina Krah Kumah
Mobile: 0244 730 197

1. What are the activities of CMA in relation to shea butter?
We are supporting women in the processing of quality shea butter as income generating activity. We have a shea processing centre in Vittin and used to have one in Wurishei but that one is currently not working because the owner of the land where we have build our structures want the land back and will not renew our renting period.

The Japanese organisation JICA (Japan International Cooperation Agency) gave us a loan 5 years ago to run the centre. Before that a loan from CMA of 5 million made it possible for us to build some structures. We have build: 1 machine room, 1 storage room for shea nuts, 2 storage rooms for shea butter, 1 production shelter, 1 office building and a water tank to collect rainwater in the rainy season and to fill with water from a truck in the dry season (280,000 cedis for a tank of water). Furthermore, we have spent the money on machines, 1 electric cracking machine and 1 diesel powered milling machine, an electric kneading/pressing machine (however, this is only used when there is difficulties producing a batch in due time since it is using too much water) and a generator to produce power.

2. How many women produce shea butter?
At the centre in Vittin there are currently 16 women. They produce in producer groups of 5 women who process 5 bags (80 kg) of shea nuts during a week (5 days). First the nuts are crushed then they are roasted, then grinded into a paste, the paste is then kneaded by adding water until the oil separates from the solids. The oil is then boiled to remove dirt (the foam is removed from the surface while it is boiling in huge pots in mud-stoves (saves firewood), this takes 2-3 hours). It amounts to 25-28 kg of sb per bag of shea nuts (there is around 20 kg in a calabash). If the butter is well packed it can easily be stored for 1 year without growing bad. It melts if left in the sun.

We employ the women for 2 years. They receive training in functional literacy (so they know how to weigh their shea butter) and in how to produce quality butter (e.g. wash the nuts before processing, proper roasting without burning the nuts, using plenty of water). When they graduate they get the capital they have saved during the 2 years so that they can start up their own business.

The mothers trained are both Christian and Muslim (required by JICA).

We network with similar CMA shea producer groups in Yendi, Wa, Navrongo and Bolga to deliver 20 tons of sb every second month. There are 2 processing centres in Bolga, 1 in Wa and 1 in Navrongo. There is yet no processing centre in Yendi but they will build one when they have saved enough money. Altogether app. 100 women are employed. If the market was there we could employ many more women and deliver larger amounts e.g. 20 tons per month or week.

3. How are the women chosen
We employ the women who come and ask for work.

4. Who buys the butter

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12 JICA is the Japanese development agency responsible for the projects financed with grants, which are implemented primarily at local level including through nongovernmental and community-based actors (EU CSP, 2002, p. 41)
We have a regular buyer called madam Lydia who sources 20 tons of shea butter every 2 months. She brings a truck with a big 2 tons container to Vittin where the butter is melted and poured into. The butter is taken by public transport from Yendi, Wa, Navrongo and Bolga to Vittin. The truck then brings the butter to the port in Tema where it is exported for the chocolate industry.

10 years ago The Body Shop came to buy shea butter but they were not contented with our quality and quantity. After JICA training they came back and bought shea butter from us for some years, but about a year ago they stopped the cooperation since they assumed that we had the market connections. That is a shame since the prices and profits were much better with BS.

Niels Fold visited the production centre in Vittin 21.10.02
Peter Lovett visited 04.07.01

5. What are the price and profits?
Md Lydia pays 8.200 cedis per kg of sb. The costs of processing 1 bag (80 kg) of shea nuts, that is nuts, water, firewood and grinding amounts to 200.000-230.000. CMA procures these inputs. CMA wished they could by shea nuts in bulk when they are cheap but they haven’t got the financial resources. For 25 kg with costs of 200.000 it gives the women a profit of 5.000, which is 200 c/kg. For 28 kg and costs of 200.000 profits amount to 1057 c/kg. The profits are administered by CMA: 10 % compulsory savings for the women, 5 % welfare (paid every month to the women), 30 % salary for the women, 35 % loan repayment for JICA, 10 % for maintenance of equipment, 10 % for organisers (CMA).
The costs of melting the butter and pouring it into the container as well as bringing it to Tema are borne by Md Lydia.

6. How is the quality of the sb checked?
By supervising the production of sb. CMA is monitoring that the nuts are washed, well roasted, well kneaded, that enough water is used etc.
Furthermore, samples of the butter are sent to Bosbell to be tested for Free Fatty Acids (FFA), which must be 2-6 %.

7. What is the cost of a grinding machine?
7,5 mio. cedis

8. Do women use shea butter in the household
Yes, they use it for cooking, skin care and in soaps.

9. What is the time horizon for the shea promotion activities of CMA?
When the JICA loan is paid back the projects and assets are handed over to CMA (the loan was meant to be paid back after 5 years but due to the very small profits it is dragging out).
CMA is planning to continue the project and expand if the market for shea butter is there.
CMA has been working in with shea butter production for more than 10 years. We are also registered by the export board (under COCOBOD) so that we are permitted to do export.

10. Do you know any other organisation engaged in sb production?
There is a factory in Savelugu.
Appendix F - Chemical Components of Shea Butter

Components that depend upon the environment in which the shea trees grow and their individual genetic make-up. This has particular relevance to the market or product using the shea butter.

- **Fatty acids** = in shea these are mainly stearic, oleic, palmitic, linoleic, and arachidic and their relative concentrations define the ‘oil profile’ and melting-point.
- **Olein** = low melting fraction (triacyl-glycerols high in oleic acid, e.g., O-St-O).
- **Stearin** = high melting fat fraction (high in stearic acid, e.g., St-O-St).
- **Unsaponifiables** = a large group of chemicals found in high concentrations in shea butter (1-19%) that are credited with giving shea butter its therapeutic properties, e.g., antioxidants (oil-soluble tocopherols and water-soluble catechins), triterpenes such as butyrosperrmol, phenols, sterols and other substances such as karitene and allantoin. High levels are preferable.

Components that depend upon how well the shea kernels and butter were processed, stored, etc. This has particular relevance to shelf life.

- **FFA** = free fatty acids that are indicative of degradation (separated through the hydrolytic action of enzymes – lipases – on the triacyl-glycerols), therefore low levels are favored.
- **PV** = peroxide value, another indicator of degradation of the long fatty chains through auto-oxidation into peroxides that can later break down into other chemicals including malodorous ketones and aldehydes. Formation often catalyzed by heat, certain metals (e.g., iron and copper) and ultraviolet light.
- **PAHs** = polycyclic aromatic hydrocarbons form during smoking or roasting over open wood fires and will hinder entry into the ‘edible marketplace’ in Europe and the U.S. since these are known carcinogens and various legislation has been formulated to reduce public exposure.
- **Moisture content** is often a result of poor storage since ‘dry’ shea butter absorbs water in humid conditions. High levels are linked with hydrolysis therefore low levels are preferred.
- **Insoluble impurities** are usually the by-products of extraction. Careful filtering can remove these unwanted particles, particularly if the presence of metal fragments is suspected. Using cast-iron grinding plates commonly produces iron particles, and this metal is implicated in peroxide formation.

(Source: WATH, 2005, p. 7)