

## **Market Oriented Agricultural Advisory Services (MOAAS) In the Shea butter value chain in Mali**

**Country:** Mali  
**Name of intervention:** Promotion de la filière karité  
**Time period under analysis:** From 2002, ongoing  
**Institutions/agencies involved:** SDC, Intercooperation, GRET, EU  
**Brief summary of intervention objectives (maximum 10 lines):**

- Promoting the development of family farms through capacities building of their member organisations, sustainable value addition to their products and a better orientation of the service offer according to their needs.
- Shea is a self occurring tree in western Africa, from which fruits are collected. The fruit is of little interest, but its kernel can be processed to obtain vegetable and edible oil: called shea butter.

**Rapporteur:** Lionel Giron  
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### **Question 1: What are the settings and arrangements for MOAAS?**

#### **1.1 What does your agency hope to achieve by contributing to MOAAS and how does this relate to your agency's overall goals?**

- Improving the value chain so that it increases the income of family farms.
- Enhancing the functioning of the value chain and particularly the position of women in it. Collection and processing of shea kernels is a main source of income for rural women.
- The resource is under threat due to extensive cultivation of cotton. The natural regeneration of old trees hardly occurs (due to ploughing of cotton fields). Rarefaction of trees plus systematic harvesting of the fruits on the remaining trees maintains a vicious circle of decrease in number of productive trees

#### **1.2 What is the context of the MOAAS intervention?**

- Mali is a land locked country in the Sahel region, amongst the poorest of western Africa. It has particularly harsh conditions for agriculture. The agriculture is extensive and dominated by an integrated cotton value chain. This production does not provide high income to farmers, but the cotton production system secures access to inputs for other cash crops.
- A typical oligopoly market: the shea butter offer is extremely dispersed and collectors tour the local markets for bigger buyers or exporters. On the other side the demand is concentrated with a reduced number of buyers fixing prices to numerous sellers.
- Shea products are sold on an irregular basis, mainly to resolve unexpected monetary problems (health cost, etc.)
- A worldwide value chain based on a traditional and hand made product...
- Rural producers do not know the value chain beyond their proximate environment; in particular farmers have no information on the global demand and its several segments. There is a potential to improve and differentiate the products according to the different market segments (at least by the women producers). Intermediaries know these differences and are the ones that benefit the most of value addition initiative, not the women.
- Shea butter is obtained by a hard and exhausting process. Appropriate technologies reduce this strain and increase the yield but higher quality products hardly find a market.
- As far as the export market is concerned the quality is not necessary valued since the northern buyers refine the shea butter they receive. This is an industrial process that does

not trigger lots of quality improvement incentives to the exporters, who in turn do not push their collectors to seek high quality butter. This all chain tends to push prices down.

### **1.3 What are the particular constraints for farmers to connect to markets?**

- Constraints for trading: Lack of information and low bargaining power makes the women vulnerable to market forces which often lead to prices that are no longer in the interest of the women.
- Shea butter production is an individual activity and collectors fix prices on local market places. Therefore, women only have information on their nearby market and very limited power to negotiate prices. Shea butter is often sold when there is a crisis at home, and this leaves very little scope for negotiation.

### **1.4 Who provides the MOAAS services, how do they operate, what services are provided?**

- Main providers are NGOs. Because it is a women activity in a country where the place of women in the society is tough, many NGOs got involved in trying to improve the conditions under which shea butter is produced and marketed.
- Some governmental initiatives also try to provide support in the frame of national programmes, with very little efficiency. Their main objective is to reduce the strain of the transformation. Improved technologies have been widespread without any marketing consciousness (and often with very little improvements).
- A loose Joint Trade Organisation is emerging and offering a few services such as market information and match making. But it is still embryonic and has difficulties to take off.

### **1.5 How does the MOAAS support service providers?**

- No real service provision by the intermediaries. No established service providers.
- The need for services and improved technologies led to the idea of having focal points for shea butter information and other services exchanges: shea service centres
- Such centre will sell services like processing, storage, grouped marketing, cooperative purchase and seasonal storage would help increase the bargaining power of women, etc.
- Women will take over some of the functions of the intermediaries in order to concentrate a higher share of the added value.

### **1.6 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- Women generally do not perceive shea butter as an attractive income generating opportunity because of its importance as a social value.
- It is difficult to instil the concept of market orientation in groups of rural, often illiterate women who originally created a group not for profit making but for “pain sharing” as insurance for situations of distress.
- Shea butter remains a product with a high social value. It takes time before women perceive it as a commodity with a market value.

## **Question 2: Who are the clients of MOAAS?**

### **2.1 How many and what types of farmers use the services?**

- A rough figure of 500'000 women involved in shea butter production is often used. IC targeted 16 groups gathering 1'700 members. With the attraction of the service centres the number of women to be potentially served could be significantly higher.
- Targeted groups are poor rural women. Those who collect and process shea kernels are clearly among the poorest of the community.

- The transformation of shea kernels is often a joint activity, and women frequently prepare shea butter collectively.
- Production scale: differs highly from a year to the other since it depends on the fructification of the naturally grown trees. Production system is labour intensive, and often organised by the group in order to share the painfulness of the processing tasks. Marketing of the product is organised on individual basis. Lowest quality is sold, best quality kept for own use or for social gifts.
- This is an activity which is exclusively dedicated to women. Youngsters learn the know how from their mothers by actively taking part to it.
- Shea butter is a sort of in kind saving for women in families where the main source of income is cotton and other agricultural commodities. So the farm might have a commercial orientation but the shea butter production is a female subsistence activity.

## 2.2 Do the actual clients correspond with the types of farmers the service intends to work with?

- Not exactly since the services had to be retargeted to some groups with a minimum of entrepreneurial understanding.
- Now the project supports women who made the choice to have a higher commercial orientation and want to produce according to a specific and identified market demand.
- *Are you satisfied with the state of affairs?* Yes, because we could identify “business leaders” who are able to attract others and provide them the services they need. At the end of the day, we reach the initial target through these “business leaders”.

## 2.3 How are the clients involved in markets?

- Women sell shea butter to collectors on the nearby local markets. This is a buyers market. Women have no access to large buyers and consolidators. The VC stretches down to large industries in Europe and the US.
- For a same product there are different markets. The traditional market is the rural nearby markets. In this case, women interact directly with the buyers (and some collectors as well). But there is of course a national, regional and even international market. Women have very little information on how these markets function.
- An informal inter-professional organisation exists and tries to improve the position of its “members” on these international markets.
- Women preferably sell shea butter rather than shea kernels since the gross margin for Shea butter is higher. But it is sold raw, unpacked and without quality checks.
- For women there is in fact only one marketing channel: the collector they know on the local market place. Those latter sell to consolidators and exporters they’ve been mandated by (they receive cash from these exporters to make the purchases). Then exporters supply mainly 2 channels: food industry on one hand, cosmetics/pharmaceuticals on the other hand.

## 2.4 What motivates farmers to use MOAAS?

- It is clearly the possibility to increase their income. But also the improvements of conservation techniques that allow them to bring a better quality products when the prices peak. We suspect that grouped marketing would also be valued if it brings good prices.
- Once they understand that shea butter sells well abroad they want to understand how prices are set and if there is a chance for them to get more money for their product.
- The decrease in painfulness and increase in productivity allowed by adapted technologies: producing more butter with the same quantity of kernels, and less hard work is an important source of motivation.

- Another motivation under exploration is the possibility to have grouped and off season marketing so that women would benefit from higher market prices (improvement of conservation techniques).

### **2.5 Are there other clients to MOAAS services than farmers?**

- Traders who group and export shea butter. They have an interest in sourcing bigger quantities of higher quality butter
- MFI for a better adaptation of their services to the needs of farmers (they particularly value the support in making business plans)
- Services they value are those which improve production organisation and planning (exporters) and financial management (MFI).

### **2.6 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- Since the production is highly dispersed among thousands of women living in remote areas, massive strengthening of entrepreneurial behaviour at individual level is not feasible. But concentrating services in focal points where women can access market oriented services allows for value addition.

## **Question 3: What approaches and methods are used for MOAAS?**

### **3.1 What kind of services do MOAAS deliver?**

- Exposure trips to markets
- Market surveys
- Facilitation of platform-based negotiations (which should lead to the rise of a Joint Trade Organisation)
- Trainings: basics of marketing, technical on adapted technologies
- MIS
- Linkages with new markets (national market for cosmetics)
- Improvements in product quality: « grille d'analyse sensorielle »
- Improvement of the bargaining power
- Promotion of and support to organisations (organisational development & capacity building)
- Improved packaging

### **3.2 How do the MOAAS providers and the clients relate to each other?**

- Women groups have been trained in AEP: Self Evaluation and Planning. Combined to “inversion des flux”, these groups are able to contract the providers of the services they need. Beyond the initial facilitation of the project, a commercial relationship is established if the service proved valuable.

### **3.4. How are innovations in MOAAS being up-scaled?**

- Relevant technologies and transformation process are now identified, tested and selected. Business models for implementation of shea service centres still have to be designed.

### **3.5 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- So far, it is still “project facilitation driven”. The project sensitise women groups about their position and role in the VC and support them in identifying potential ways of improvements.
- A next stage is to strengthen a joint trade organisation (JTO) and service centres so that services become available along the value chain without external support.

- There is no existing service provider who could play the role the JTO and the service centres are meant to play in the future.

#### ***Question 4: What are the outcomes and impacts of MOAAS?***

##### **4.1 How is MOAAS helping farmers to deal with market constraints?**

- Women are now able to determine which products bring which level of profit. In addition they have now the capacity to better adjust their product and the level of production to the demand.
- Women can now do their own market research, although not highly formalised. They can meet with different stakeholders of the value chain, participate to fairs, organise market visits, etc. and at the end of the day make wise investments decisions.
- They better understand quality requirements and can monitor those (with the “grille d’analyse sensorielle” based on analysis of colour, odour, taste, etc.)
- Supported women in committing into contractual agreements and respecting them.

##### **4.2 What are the outcomes/impacts of MOAAS?**

- Changes in individual women income and therefore in the household income
- Changes in yield and productivity
- Changes in marketing practices
- Change in production or management practices
- Introduction of new products: improved soaps and packaging.
- Behavioural changes regarding environment: women take better care of the resource and to do so they involve their husbands, local and traditional authorities, line agencies...

##### **4.3 Are there side-effects or unexpected outcomes of MOAAS?**

- Non targeted actors of the value chain expressed demands for support: wholesale traders and exporters.
- For exporters, the fact that now women can offer improved quality shea butter allows them to target other markets (e.g. niche export)

##### **4.4. Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- Women start to have a better understanding of what their position in the value chain is, and therefore start elaborating strategies for increasing their control over it.

#### ***Question 5: What is the role of development cooperation and other key stakeholders?***

##### **5.1 What are the roles and functions of development agencies in MOAAS?**

- IC and its “pôle karité” provide technical advice, organisational development, contribute to the alleviation of poverty, promote inclusion of small farmers and gender equity.
- Funding is from SDC

##### **5.2 What are the roles and functions of the government (local and national) in MOAAS?**

- Involvement of decentralised local authorities into natural resource management
- Creation of enabling environment

##### **5.3 What are the roles of other stakeholders?**

- Mainly independent consultants providing training services, or study services (technical, economic feasibility, etc.)
- Research and marketing of improved technologies.

#### **5.4 What are the implications of these roles and functions?**

- The poorest women increase their income and their negotiating / lobbying capacity. Hence they become obvious actors in the decision making (at value chain level), and they also assume responsibilities within the local authority.
- Rural processing enterprises become viable and create opportunity for substantial value addition.
- Capacities are built in the farmers' organisations and knowledge is disseminated to members through training and counselling.
- Business partnerships between women and traders provide a transparent base that allows for exploring and capturing new markets, remunerative in the region and beyond.

#### **5.5 Which insights and lessons can be learnt from the case, e.g., good practices, obstacles, pitfalls?**

- Quite similar to point 3.

#### ***Question 6: What linkages exist between MOAAS and other types of services?***

##### **6.1 What other relevant services exist and how are they linked to MOAAS?**

- Facilitating the access to financial means through the support to making business plans and counselling into the negotiation with financial institutions.
- Support to the participation of local markets, fairs with exhibition/sale
- Women producers know, use and can transfer improved technologies which guarantee good quality and safe products.

#### ***Question 7: Which insights and lessons can be learnt from the case?***

##### **7.1 What are the lessons learnt in terms of:**

What has been successful?

- Women now have a high level of command about improved processing techniques and they can really put high value added products on the market.
- Women now have a better understanding of the way markets (and value chain) function. It allows them to take better informed decisions in terms of market targeting, seasonal marketing (at peak price time), etc.

What has not been successful?

- Mobilizing financial means for the women producers has not been too successful so far, mainly because the financial products are not adapted to the kind of businesses they have. 2 ways of overcoming this problem: supporting women to become "credit-worthy", support advocacy to develop better adapted products for shea butter producers.

##### **7.2 Describe good practices that you recommend for other MOAAS**