

Research, Network and Support Facility (RNSF)

“Support to enhance livelihoods per people dependent on informal economy
and improve social inclusion of marginalised and vulnerable persons”

Volume 4.1: Good Practices and Lessons Learned

RESEARCH QUESTION	1- ENABLING ENVIRONMENT
SUB-TOPICS (Research matrix)	<u>Linkages between formal and informal economy (1.10)</u>
REGION - COUNTRY OF IMPLEMENTATION	West Africa - Ghana
GOOD PRACTICES	<p>1) Implementing a multi pronged approach to enabling informal economy operators to climb up the value chain including through:</p> <ul style="list-style-type: none"> – increasing the volume and the quality of small-scale production – providing awareness raising; – organizing the small producers – providing education and training; – providing access to micro credit; – using information technology to access market operations and manage operations and transactions; – build contractual relationships with international buyers and other actors in the value chain. (Ghana) <p>2) Establishing a social private company in which community members have shares to help them with marketing services, meeting of fair trade protocols (as applicable), providing pre-financing and packaging support</p>
PROJECT NAME	<i>Market Access through Cooperative Action in Ghana - Empowering Rural Women Informal Workers using Microfinance, Education, and ICT</i>
YEAR	January 2011 - July 2014
FUNDING AGENCY	European Commission
IMPLEMENTING AGENCY	Association Planet Finance
KEY TARGET GROUPS	Rural women
SUMMARY OF THE ACTION	
Climbing up the value chain is a common strategy for enhancing the livelihoods of vulnerable populations dependent on the informal economy, especially when it is about agricultural or other primary products, or	

waste management.

The objective is to capture a more important additional value in the chain through 1) an increase of the quantities produced (improved productivity, increased storage, sales at appropriate times when prices increase), 2) bundling volumes, and 3) an improvement in quality,

This type of strategy usually requires multi-pronged actions such as 1) organising, 2) sensitisation, 3) education and training, 4) grant of small loans through micro-credit, 4) use of ICTs to access market information and manage operations and transactions at the bottom of the value chain, and 5) building contractual relationships with international buyers or upper actors in the chain.

The shea nut and butter value chain is a dynamic niche of the cosmetics market. In Ghana, PlanetFinance supported poor rural women shea producers who take their margins from collecting shea nuts, removing pulp and drying them, to perform additional activities in the value chain. Such activities included trade, gathering the products in bulk and increasing efforts to meet the quality and the quantity demands of large buyers.

Production pre-financing and warehousing services have an important impact on the quantities produced. Collective selling undermined the inability of producers to commit to future price levels.

This is why, in the course of the EC funded project, a creative approach to improving chain governance was implemented. A social private company (the Shea Star Ltd: SSL) was set up in which the women have shares (through Star Shea Network, SSN). SSL offers marketing services to the numerous member groups, searches international markets for nuts and butter buyers and takes charge of the commercialisation of the shea products that the women sell in bulk. This approach enables progress on increased savings and investments. SSL also managed to process refined shea butter through a tolling arrangement in Europe before sale to final clients. This significantly increased the volume of the unrefined shea butter that women were able to sell.

SSL plays a major role in supporting and assisting women to fulfil the protocols for fair trade, organic and traceable shea products, as well as in providing them with some key inputs such as packaging and pre-financing. Transparency in the distribution of value added shares between SSL and women producers is ensured during the associations meetings.

The project and women producer groups established contractual relationships to sell to major international buyers. The SSL helped to increase their number during the course of the project.

Community association members participate in the negotiation and distribution within their network. They also supervise the quality of nuts and butter through a Quality Assurance System and participate in the aggregation of products at approved warehouses. Occasionally groups declined to process particular butter orders due to less motivating market prices. In other cases they bargained to receive higher prices thus proving their empowerment in analysing market prices.

Women producers can still sell their production to local markets or other buyers, but are committed to the arrangements with SSL. This is because bulk selling enables them to put their earnings to good use such as for the payment of school fees, the purchase of household assets, working and farming tools.

Despite its holistic approach, the women's associations and the project missed making arrangements with some support services such as transporters, owners of donkey carts, tricycles, "loading boys" who could have strengthened their place in the value chain.

Regarding the question of whether the social enterprise model is working well, one could state that women producers are not always able to meet all orders from buyers. When this happens, they must buy nuts or butter from other women outside their community groups. This has resulted in interesting cascading effects because the required quality from the outside women pushed the beneficiaries to share with them their improved practices.	
CONCLUSIONS AND RECOMMENDATIONS	Implement a multi-pronged action to address value chain challenges by organising groups; providing awareness raising; providing education and training; providing access to micro credit; use information technology to access market operations and manage operations and transactions; build contractual relationships with international buyers and other actors in the value chain.
SOURCE	RNSF Research Volume 4.1: https://europa.eu/capacity4dev/iesf/document/rnsf-research-volume-41-gp-and-11-33-projects-funded-european-union
RESOURCE(s)	<ul style="list-style-type: none"> ▪ Market Access through cooperative action (Evaluation Report) – PLANET FINANCE, Ghana. ▪