

# Mobilizing capital for the shea value chain in West Africa

Briefing memo



The Just Rural Transition, World Business Council for Sustainable Development, Global Shea Alliance, and Acacia Sustainable Business Advisors are hosting a special event focused on driving investment into the shea supply chain on 29 November 2021. The event, as a part of a broader initiative to drive capital into agricultural value chains in the West Africa region, seeks to:

- Dive into the shea value chain in West Africa to illustrate how driving investment into small- and medium-sized agricultural enterprises (agri-SMEs) can boost incomes and protect and restore nature, providing unique opportunities for investors looking to achieve social and environmental outcomes;
- Identify the finance needs, opportunities, and challenges for the sector through a discussion between agri-SMEs, investors, capacity building organizations, companies and advisors; and
- Present and discuss the design of the Agri-SME Finance Platform and how it can more effectively drive capital into agri-SMEs across supply chains and geographies that can contribute to a just rural transition.

This briefing memo offers a high-level overview of the shea value chain, the investment potential in the sector, and the sector's forecasted growth.

## What is shea?

The shea tree is found in the wild in West Africa's dry Savannah area. Shea is one of the few commercial commodities that provides significant revenue to women in West Africa. Burkina Faso, Mali, Ghana, Nigeria, Côte d'Ivoire, Benin, Togo, and Guinea are among the eight nations that produce shea in the quantities and stearin content required by the market. In the last few years, the demand for shea butter produced in the region has roughly doubled and shea is now a popular ingredient in food and cosmetics all over the world. According to the Enhanced Integrated Framework EIF, 2021, Burkina Faso is the world's leading exporter of shea nuts, accounting for over half of the global market.<sup>1</sup>

Shea's popularity has risen significantly in recent years as consumers desire high-quality, natural and sustainable ingredients in personal care products and food. Figure 1 illustrates the global utilization of shea and its forecasted Compound Annual Growth Rate (CAGR).

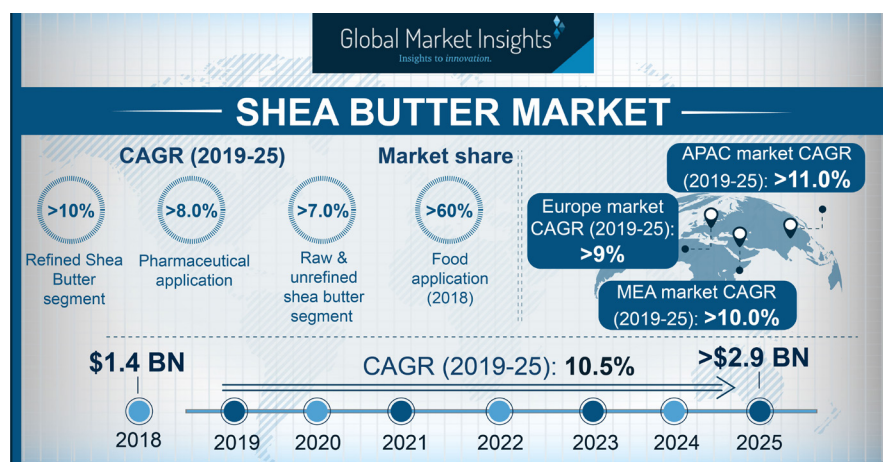


Figure 1: The shea butter market size by product, and its forecasted growth between 2018 and 2025.<sup>7</sup>

## The shea value chain: A commodity with promise

The current value chain exemplifies a growing demand for shea products. The sector has served to empower agri-SMEs by boosting incomes and developing local economies. From an investment perspective, there lies an opportunity to finance the sector and accelerate SME capacity, as well as to contribute to the restoration of the natural environment, cultivate climate resilience, and contribute to the Great Green Wall (GGW) initiative.<sup>2</sup>

Of particular note, women-owned SMEs are at the center of the sector, providing a unique opportunity to address gender challenges in the region. In 2017, the West African sector employed an estimated 3 million women and generated between USD \$90 million and USD \$200 million in annual export revenue.<sup>3</sup>

## Investing in the West African Shea sector: benefits and challenges

This forecasted growth of the shea sector can be seen as an impetus for exploring investment potential in the West Africa region. Although the SME financing gap in West Africa has been and remains significant, West Africa has been able to attract capital as well as any other African region. It continues to gain traction as an exciting region for private sector investment, amongst investors that are able to understand and engage with its specific risks and challenges. The region is seeing growing international political support, including more than USD \$14 billion of new funding pledged in early 2021 by public donors to the Great Green Wall initiative, which aims to restore 100 million hectares of land and create 10 million green jobs across Africa.

The benefits of investing in shea in West Africa include potentially strong returns in a fast-growing sector; empowering communities and improving incomes; safeguarding and restoring nature; as well as fostering a just rural transition.

To meet this potential, the profile of shea and the West Africa region must be raised within the finance sector, and players along the value chain need improved access to information, business development support, and a compelling business case that links investment in shea with critical social and environmental

## Breaking down the numbers: The forecasted growth of the shea market

- The West African shea sector is rapidly expanding with demand growing by 600% from the early 2000s.<sup>4</sup>
- Between June 2016 and March 2021, the Global Shea Alliance facilitated the export of 529,772 metric tons of shea products worth over USD \$311 million.<sup>5</sup>
- The global shea butter market is anticipated to exhibit a CAGR of 5.40% to surpass USD \$1.05 billion by 2026.<sup>6</sup>

benefits for society. A range of partners, including enterprise support organizations and large agribusinesses, have an important role to play alongside investors in taking these steps.

## Examples of investments and projects in the region include:

- L'Occitane en Provence, a cosmetics company that began sourcing shea from Burkina Faso since the early 1980s.
- Mali-based Economic Empowerment of Women in the Shea Butter Subsector (PAEFFK, 2018), a project funded by the African Development Bank and Nigerian Trust Fund.
- Bunge Loders Croklaan shea processing plant opened in 2020 in Ghana.
- Root Capital's investment in The Savannah Fruit Company, a Ghanaian enterprise that manufactures and exports shea butter.



Global Shea Alliance

## What's next?

Strengthening agri-SMEs—the backbone of rural economies—serves as a critical lever to drive a just rural transition, providing rural jobs, enabling value from agricultural products to be captured locally, and building the resilience of supply chains.

## ENDNOTES

- <sup>1</sup> Trade for Development News: [In West Africa, can organic shea become a solution?](#)
- <sup>2</sup> United Nations Convention to Combat Desertification: [Great Green Wall Initiative](#)
- <sup>3</sup> Food & Agriculture Organization of the United Nations: [The impact of the shea nut industry on women's empowerment in Burkina Faso](#)
- <sup>4</sup> Global Shea Alliance: [West Africa Regional Documents](#)
- <sup>5</sup> Global Shea Alliance: [West Africa Regional Fact Sheets](#)
- <sup>6</sup> MarketWatch: [Shea Butter Share Report 2021](#)
- <sup>7</sup> Global Market Insights: [Industry Analysis – Shea Butter Market](#)

The event on 29 November 2021 will seek to engage a diverse set of players in the shea value chain including investors, incubators and enterprise support organizations to work towards more readily available financial support for agri-

SMEs in the region to further strengthen the shea supply chain in this region. After the event, the co-hosts will publish an investment analysis and facilitate a series of networking opportunities for sector stakeholders.

## ABOUT JRT

The Just Rural Transition brings together food producers, governments, businesses, investors, civil society, rural and indigenous peoples to champion people-centred solutions to food system challenges. JRT is a partnership between Meridian Institute, who host the secretariat and manage the Policy Action workstream, and WBCSD, who manage the Investment Partnerships workstream.

## To learn more about this work, contact

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## ABOUT WBCSD

WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future. We do this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing "how-to" CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees.

Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability, united by our vision of a world in which 9+ billion people are living well, within planetary boundaries, by mid-century.

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