Shea Kernel Supply Chain and Suppliers Relationships in Rural Borgu, Niger State, Nigeria

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Abstract: This paper explores the roles of strong suppliers in shea kernel supply chains and the impact of their roles on the livelihood of weak suppliers (rural women) who are engaged in shea nut picking and processing. In the last few years, the media recognised that the Nigerian shea butter industry is not fully regulated, and it is confronted with a lot of sustainability challenges. While there is a call on the relevant stakeholders to take responsible action such as public enlightenment and reshaping of the supply chain network. The mechanisms that supports and create connections for actors involved in the supply chain is not very clear and as such the measures taken by the stakeholders to curb the menace seems not to hit the target. Furthermore, the negative effect of these activities on the weak suppliers seems to be greatly ignored. Therefore, studying the relationships between the strong and weak suppliers defines the specific roles of actors involved in shea kernel trade: More specifically, the local buying agents (LBAs) who create and hold the link to the broader domestic and export supply chain are studied.

Research Question: What is the nature of the relationship between the strong and weak suppliers in shea kernel supply chains?

Methodology: This study utilized qualitative case study design, a five-month fieldwork was conducted in the rural communities of Borgu, Niger State, Nigeria. We used various approaches to obtain data such as semi-structured interviews, focus group discussions, review of policy documents, articles published by the media and participant observation. The result revealed that the LBAs with a group of few buying companies benefit from the supply chain, while the expectation of the weak suppliers (rural women) to benefit profitably is not guaranteed.

Keywords: Strong Suppliers, Weak Suppliers, Local Buying Agents, Rural Women, Supply Chain, Relationships, Sustainability.

(1) Introduction

The solution to the exploitation of the weak suppliers (rural women) and the smuggling of shea kernel for export lies within the collaborative efforts of the stakeholders involved in the shea butter industry, the public authorities, the non-governmental organizations, the private sector and the community stakeholders. The anti-smuggling plan has been a top agenda on the Niger state government shea sector development plan in collaboration with the Nigerian customs service (Kontagora, 2012). Also the federal government of Nigeria has also declared that, illegal exportation of shea kernel out of Nigeria is a pressing issue for growth and development. Research revealed that Nigeria lost about N3 billion yearly to shea kernel and butter smuggling through Benin Republic. In 2012, the Niger State Commodities and Export Promotion Agency admit that the current effort in curbing the menace has failed woefully (Kontagora, 2012). In line with this, the agency in 2012 collaborated with Global Shea Alliance and GIZ to provide alternative ways to innovate the industry (GSA, 2012). Various strategies are collectively advocated by the stakeholders involved to check those illegal activities: first, community empowerment; second, implementation and enforcement of legal instruments, third, collaborations among various actors. While these strategies are very much welcomed, very little is known about how these strategies will impact on the local communities and the rural women who are the weaker suppliers in the supply chain. This paper explores the role of the strong suppliers (specifically the local buying agents (LBAs), that link the weak suppliers to the buying companies) and the effect of their activities on the livelihood of the rural women who are engaged in shea nut picking and shea butter processing. It is evident that the local buying agents play both positive and negative roles in the shea butter industry. We argue that the LBAs characteristics have repercussions on the livelihood of the people living in the local...
communities where shea trees are found, nuts are picked and processed into shea kernel and butter. First, the local buying agents help the communities to overcome the problem of finding buyers such as the small and medium scale company owners within Nigeria, exporters in neighbouring Benin Republic and the multinational companies outside the shores of Africa; secondly, the local buying agents are seen to depend heavily on the weak suppliers in the rural communities. But the relationship that exist between the LBAs and weak suppliers in the local communities is purely that of exploitation in terms of price. The LBAs take advantage of the ignorance and lack of exposure of the rural people. These two characteristics cause the rural people to distrust the local buying agents. This is because the weak suppliers input a lot of human energy and risk when picking shea nuts and during processing. But the rate at which shea kernel from the rural communities, smuggling of the product out of their domain, coupled with the ‘nothing to write home about’ returns for the weak actors leave the rural people in dilemma of trusting the LBAs. These development is so alarming, and it constantly reported by the media.

(2) Research Gap

The implication of the local buying agent’s role in shea kernel supply chain is less explored by researchers. Researchers have therefore concentrated on exploring actors’ relationships in domestic shea butter supply chain, rather than holistically exploring actors’ relationships in trans-border and export supply chain of shea products (Garba et al., 2012). The supply chain literature for instance focus more on how external stakeholders shapes the dynamics of shea butter supply chain (Drost et al., 2012), living out how relationships are shaped among the focal actors. The available studies mostly focussed on impacts that are quantifiable such as quantity of smuggled shea kernel rather than the social impacts of the actions of the strong suppliers on local communities such as human rights violation and working conditions. Nevertheless, the literature on repercussion or consequences of the role of actors in the African shea industry had focused more on the environmental implications rather than the social implications (Schreckenberg, 2004; Adams, 2015; Kiptot, 2015). Some literature, focused on how government policies and pressure from non-governmental organizations respond to the loopholes in the shea butter industry particularly on the sustainability of the shea industry (Noumi, et al., 2013). But the mechanisms to check the enforcement of policies along the supply chain are not adequately explored. Notably, a study conducted on regional shea supply chain by Lovett (2010) and Chalfin (2004) gave a detail of how the shea industry can be sustainable through policy implementation and use. Researchers are also addressing issues associated with buyers-suppliers’ relationships in many West African states (Greig, 2006; Wardell & Fold, 2013; Rousseau et al., 2015). Yet the social implication of these relationships on the livelihood of the weak suppliers is still underexplored. In a nutshell, exploring the role of the strong suppliers and their relationships with the weak suppliers will not only provide an understanding of the shea kernel supply chain, it will also reveal the impact of the relationship on the rural women’s livelihood which is not very much discussed in the shea kernel/butter supply chain literature.

(3) Research Question

What is the nature of the relationship between the strong and weak suppliers in shea kernel supply chains?

(4) Methodology

This paper is developed from first writer’s PhD fieldwork, the methodology employed for this study is based on a qualitative case study, the techniques for data collection are semi-structured interview, observation, review of policy documents, articles published by the media as well as focused group discussions over a period of five months (December 2014 to May 2015). A total of 34 semi-structured interviews were conducted in Sabon-Pegi Rural Market, Monday-Market New-Bussa, Karabonde Village and Tsohon-Dogongari Village of Borgu, Niger State, Nigeria. The interviewees included the shea nut pickers, local buying agents, shea butter processors, community leaders, government officials and development consultants. QSR Nvivo 10 was used for data analysis. Significantly, collecting data for this research was very difficult because of the sensitive nature of the study, which involves illegality in the supply chain of shea kernel which has to do with the trans-border smuggling and exploitation. The risk was high especially when collecting data from the local buying agents (LBAs), the issue of trust strongly came up and challenges were encountered in the process especially with the use of voice-recorder, video-recorder and photo camera. The safety of our research team became extremely important. The body of this paper contains the contextualization of shea kernel supply chain relationships. Consequently, shea kernel supply chain relationships and the role of the local buying

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agents in Borgu is discussed to give an insight of how the activities of the LBAs impact on the livelihood of rural women in Borgu. supply relationships is also discussed, in two folds: First, from rural Borgu to Parakou, Benin Republic and secondly, from rural Borgu to other parts of Nigeria. It also outlined how shea kernel supply chain challenges are being addressed through policy instrument in Nigeria. Followed by the conclusion and policy implication.

(5) Shea Kernel Supply Chain in Borgu and Export Policies in Nigeria

Nigeria is the largest producer of shea nuts. Shea trees grow in the wild. In Nigeria, the Shea tree are found predominantly in the Guinea and Sahel savannah, the trees are naturally distributed in the following states: Niger, Sokoto, Kebbi, Plateau, Benue, Kaduna, Oyo, Ondo, Katsina, Adamawa, Taraba, Borno, Nassarawa, Kwarar and Kogi states (Kontagora 2012). The Shea tree produces the shea nuts which contain the shea kernel, it is a precious tree and highly valued by people in the communities where it is found (Enneh, 2010). The rural women pick the shea nuts from their farmlands and the bushes around their communities and then process it, by removing the shea kernel. The local buying agents, who are the intermediaries between the weak suppliers and the buying companies buy the shea kernel in large commercial quantities from the rural women (weak suppliers) and then supply to the small companies and exporters. With the weak governance of the porous border of Nigeria and Benin republic the supply chain became more exploitative and the shea kernel market became more disorganised especially after shea butter was declared as a cocoa butter equivalent (CBE) in chocolate production by the European governments.

In the last two decades, private individuals, LBAs, exporters and SMEs, deepen their involvement in shea kernel business which brought them very robust income annually. While the Nigerian Customs Service (NCS) in collaboration with the Nigerian Export Promotion Council (NEPC) became the central character in checking trans-border shea product export, the local buying agents and exporters changed their pattern of activities to smuggling (NEPC, 2015) Significantly, exploitation in shea kernel business is not only limited to rural Borgu. In fact, the exploitation of the rural women in the shea industry is done across the guinea, Sudan and Sahel savannah region of Nigeria. Though the smuggling is more prominent around the border states. The border areas which include Borgu are sites for shea kernel and butter processing and marjeting. Apart from shea nut picking, the local communities also provide logistic services to aid shea kernel supply chain (Schreckenberg, 2004). Due to the location of Borgu, rural markets in Babbana and Guvanti for example are focal point for shea kernel trading and converging point for smugglers. Most villages within Borgu are important as focal point of supply. For instance, in the context of this study, shea kernel supply routes begins from Tsohon-Dogongari, Karabonde, Wawa and other villages to New-bussa, Guvanti, Babbana to the destinations in Benin-Republic from where it is taken to Europe, America and Asia.

Observantly linked to Nigeria’s export policies, the Nigerian Export Promotion Council (NEPC), made it clear in the guidelines that “All goods, including oil, its derivatives and non-oil goods exported from Nigeria shall be subject to inspection by inspection agents appointed for that purpose by the government”. These strategies are developed as anti-smuggling policies to reduce smuggling of goods across borders and the effectiveness of this anti-smuggling policy to solve exploitation and smuggling have been unassertive because it still continues. Pressure from the media between year 2010-2013 and the response by the Nigerian Customs Service weakened the activities of smugglers to an extent but the LBAs are not very much affected as they have other buyers who are in faraway Northern Nigerian states, and as such they can simply change supply route and buyers. During the field work for example, Buyers from Kano and Adamawa came to New-Bussa to source for shea kernel. Simply, because the shea kernel supply is rarely interrupted.

(6) Shea Kernel Supply Chain Interactions in Rural Borgu

Shea trees in Borgu and other local government areas in Nigeria where shea trees are found are getting destroyed by the local community people due to poverty, the trees are destroyed for charcoal making, hunting and bush burning, mortal making and firewood (Bofia, 2000). However, the supply of shea kernel remained fairly constant despite the destruction of shea trees. The LBAs segment themselves and are stationed in major rural markets in Borgu, typically the LBAs source for shea kernel from individual shea kernel pickers in the villages and sometimes they wait for the rural women to bring the shea kernel directly to them in the major rural markets where the LBAs are stationed. Unlike shea butter, shea kernel is not purchased through cooperatives. The local buying agents have to apply the tactics of division of labour to reach the suppliers in very remote and hard to reach villages.
This division of labour helps in maximizing trade capacity. A quote from a local buying agent who buys shea kernel for exporters in Parakou, described their relationship with the rural women in the following way:

“We relate with the women fairly to the best of my knowledge, we pay them for their products immediately they sell to us, we even save them the energy and cost of transporting kernel to our store in Monday-market, New –Bussa".

Though the local buying agents have financial connections through the exporters in Benin Republic, for instance, the LBAs in Sabon Pegi, New-Bussa, Guvanti and Babbana are all connected as they supply shea kernel to the same group of buyers in Parakou.

Considering the supply chain interactions around Rafi district of Borgu: Karabonde women pick the shea nuts in Karabonde and its environs, Tshohon-Dogongari women pick shea nuts around Tshohon-Dogongari and its environs, they process the shea nuts into shea kernel, keep some for shea butter processing and sell the remaining shea kernel directly to the local buying agents. Usually, these transactions are done without the involvement of the Borgu local government authority. Nevertheless, some local buying agents prefer to sell their products to buyers within the Nigerian market

The local buying agents are mostly stationed in the rural communities where shea trees are available, shea nuts are picked and processed, for instance in villages such as Sabon-Pegi, Wawa, Karabonde, Tshohon-Dogongari and others. They buy the kernel from the rural women for exporters in Benin Republic and exporters in Lagos and Ibadan, using the agents in shea butter processing communities as it is evident in Borgu-Parakou supply. Also the LBAs engage in domestic supply to different cities within Nigeria such as Kano in the North-West, Yola in the North-Eastern, Ibadan and Lagos in the South-Western zone of Nigeria. These cities were specifically mentioned as buyer destinations during data collection. The major LBAs have their domain in the urban traditional markets in Borgu such as New-Bussa Monday Market, Babbana and Guvanti which is a strategic collection point for shea kernel before transporting sourced kernel to these cities within Nigeria. Basically the role of the LBAs described above is important for the intermediary role they play in shea supply chain, they negotiate between the rural women and the buyers.

(7) Impact of Shea kernel Supply Chain Relationships on Women’s Livelihood

The women play a very important role as the focal supplier in the shea kernel supply chain but their participation is limited to their interaction with the LBAs. Improving women’s participation in shea kernel supply chain requires the ability of rural women to sell their products directly to the buyers, while this can be a very important way to improve the women’s livelihood, evidence from rural Borgu showed that it is far from reality unless the women are empowered to link directly with the buyers. In this context linking the women to buyers is not the only way to curb exploitation in supply chains other measures are required such as improving the women’s working conditions to minimize the risk involved in shea nut picking and kernel processing. The risks involved is demonstrated by the narrative of a woman who engage in shea nut picking in Karabonde village:

“We face different kinds of challenges and risks, in fact everything about shea picking, processing and marketing is risky to us. I could remember that about seven or eight years ago, we went to the bush to pick shea nuts and one of us was bitten by a snake. We have to send two women back to the village to inform the men about the incident and before we could find help the woman fainted, when the men came it was difficult for them to locate where we were in the bush and when they

Map Source:it.wikivoyage.org
Figure 1: Shea Kernel Supply Chain Route from Rural Borgu
eventually found us she was already weak they had to carry her on a motorcycle. On that day, we couldn’t proceed with shea nut picking we all had to return home. This woman am telling you died 3 days after the incidence”.

(8) Rural Borgu Women as Suppliers of Shea Kernel

In rural Borgu, women process shea butter, they reserve some quantities of shea kernel for shea butter processing. While some women exchange their shea kernel for food such as grain and groundnut oil. Women in the processing communities see shea enterprise as both social activity and economic activity. Many women who are members of cooperative societies sell their shea products in bulk to the cooperatives for shea butter processing. More so, some women sell their shea products at the local traditional markets for meagre amount. The profits made by the women are spent to take care of the welfare of their families. The women feel extremely cheated in the supply chain, and the feelings of being exploited is on the high side. A shea nut picker in Tsohon- Dogongari explained her feelings as follows:

“We now that there is high demand for our shea kernel, we know that we are being cheated by the local buying agents because the price they offer us is just too small, compare to the energy we use, time and risk but we cannot complain to them, because we are afraid that if we do, they will stop coming to buy our shea kernel”.

In Borgu, the women are price takers, the LBAs (men) decide the prices to buy the products at the local traditional market. Because the rural women don’t have direct link with foreign buyers they can only sell to the LBAs. Studies conducted by (Garba et al., 2015) in Borgu and Bosso established how price is controlled by the LBAs leaving the women with little control over the price of their own products thereby relinquishing women’s voice and power in the shea industry and thereby impacting negatively on the women’s livelihood. This situation forced the women to form cooperatives to see whether their welfare could improve through cooperatives. These discriminatory roles of men and women in shea kernel supply chain deny the women the ability to control export supply chain. Despite forming cooperative groups women still don’t get any meaningful income from shea kernel business.

(9) Information on Shea Kernel Supply Chain Destination.

There seems to be less awareness among the rural women about the export destinations of their product, therefore the women are handicapped and cannot strategize properly even within their cooperative groups. Niger state FADAMA report on the activities of actors in the shea industry found that women are the key actors and without their activities there can be no shea production while their income cannot be commensurable to their labour (FADAMA, 2014). Development programs such as FADAMA are initiated to support rural people especially women who engaged in food production to secure loans, provide infrastructure and market linkages (Aderinoye-Abdulwahab et al., 2015). Benefiting from such development programs requires serious lobbying from the grassroots to the government level. Although the performance of these development programs have been reported to be uneven as the women cooperative group in Karabonde and Tsohon-Dogongari have not benefitted in terms of training, market linkages and technical support. Unlike Kodo, in Bosso local government area where women benefit from the shea butter village project (a concept borrowed from the Ghanaian Shea industry). Kodo women had fully benefitted and the shea butter village model happens to be a very important example of what an ideal value and supply chain should like due to the kind of trainings and infrastructural support they benefit from.

(10) Summary and conclusions

This paper has examined supply chain relationships between strong and weak suppliers, by exploring the roles played by the local buying agents (LBAs) and the impact of their roles on weak suppliers’ livelihood. This has enhanced understanding of the effect of the LBAs activities on rural women livelihood in rural Borgu. The result of the fieldwork indicates that there is lack of synergy between the LBAs and weak actors in terms of trust. Moreover, shea kernel supply chain is not free from risk even though it can be a viable source of income for the women.

Haven identified the supply arrangement which does not go in favour of the rural women, we suggest that the activities of the LBAs and the exporters needs to be checked because they are the
link between the rural women and the buying companies. This is recommended because women’s participation in shea kernel supply chain is only limited to supply of shea kernel and traditionally processed butter to the local buying agents. Nevertheless, the weak suppliers participate in shea kernel supply chain as shea nut pickers, shea kernel processors and shea kernel sellers in the traditional rural markets.

The circumstances that contributed to the fact that women are hindered from fully benefiting needs to be adequately reviewed and act upon by the regulatory authorities, while socially sustainable projects or development plans should be designed to favour all actors involved in the supply chain. The analysis has shown that tackling the strategies currently used for shea kernel supply chain is a necessary requirement to bring up new measures aimed at encouraging women’s active participation in shea kernel supply chain. It is therefore, recommended that increasing the participation of weak actors in shea kernel supply chain will improve their livelihood as well as welfare of their families and communities.

References


