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Case Study

The AAK Kolo Nafaso Programme: Securing an Alternative Shea Supply Chain



Source: [Shea post-harvest progress report 2019](#)

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This case study was written by Amitava Chattopadhyay, Professor of Marketing and the GlaxoSmithKline Chaired Professor of Corporate Innovation at INSEAD; Pierre-Yann Dolbec, Assistant Professor of Marketing and Concordia University Research Chair in Complexity and Markets at Concordia University, Rajesh Nanarpuzha, Assistant Professor of Marketing at Indian Institute of Management Udaipur, and Jean Wee, Research Associate at INSEAD. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Introduction

In April 2019, Anne Brødsgaard, Product Manager CCF¹ at AAK, scrutinised the shea supply numbers to see how best to meet the requirements of a potential client, one of the largest players in the confectionery industry, who had heard about the Kolo Nafaso shea programme. This alternative and sustainable supply chain, developed by AAK, engaged directly with village women with small farm holdings who gathered shea nuts in the wild, valued for their high fat content. The kernels were not only traceable to the group of women in West Africa but segregated from AAK's conventional shea supply, hence its clients could claim to use traceable and sustainably sourced Kolo Nafaso shea extracts in their confectionery or cosmetics. This was becoming increasingly important, as focus on sustainability grew among consumers² and investors³.

The Kolo Nafaso programme had started in 2009 in Burkina Faso, where AAK worked directly with women with smallholdings, who traditionally gathered shea nuts for their personal consumption and to sell, offering them a fair price and training to better process and store the kernels, in an effort to increase productivity. Over time it had been extended to Ghana as AAK realized the potential of the alternative source.

Shea – A Source of Livelihood in Africa

The shea tree grows wild in tropical climates with one dry and one wet season. The shea belt stretches across West Africa, south of the Sahara, and is densest in Benin, Burkina Faso, Ghana, Ivory Coast, Mali, Togo, and Nigeria (Exhibit 1), where agro-forestry has existed for centuries. It requires no pesticide or fertilizer, and bears fruit after 20 years, takes 50 to reach maturity and continues to bear fruit for up to 200 years. The fruit falls during the rainy season (Exhibit 2) when few other crops are harvested, making it an essential source of food and income. Shea fills a critical gap when stocks from the previous harvest are low and the current crops are yet to yield.

The nuts are almost exclusively harvested by women, with an estimated 4 million women responsible for shea harvesting⁴ and processing in West Africa. These women typically live on less than US\$ 1/day,⁵ and income from shea helps to meet household and other necessary expenditures, as well as enabling investment in other income generating activities, including agriculture.

The shea kernel is 50% fat (Exhibit 3) and is increasingly used in the cosmetic (10% of shea extract consumption) and food/confectionery (90% of shea extract consumption) industries. Shea butter is valued in skincare products as it is rapidly absorbed and has water-binding properties that hydrate the skin. In food/confectionery, fats extracted from shea nuts can be

1 Chocolate and Confectionery.

2 <https://newsroom.ibm.com/2020-01-10-IBM-Study-Purpose-and-Provenance-Drive-Bigger-Profits-for-Consumer-Goods-In-2020>

3 <https://sloanreview.mit.edu/projects/corporate-sustainability-at-a-crossroads/>

4 "Shea post-harvest progress report", November 2018, Mads Feer, Global CSR Manager, AAK.

5 <https://agoa.info/news/article/4800-the-shea-butter-economy-big-money-and-exploitation.html>

processed to have a similar profile to that of cocoa butter and is a substitute for cocoa butter⁶ (cocoa butter equivalent or CBE). It has a higher melting point and can be conserved for longer, making it both cheaper⁷ and easier to use in manufacturing, while ensuring the desired texture in the finished chocolate. Shea kernels are bought by vegetable fat producers, the big three being AAK, Bunge Lodgers Croklaan, and 3F Industries. In 2018, a global shortage of shea had forced many confectioners to close their manufacturing lines.

The traditional method of harvesting, practiced by village women for generations, is to gather the fallen fruits from the ground. Those in good condition are eaten, those in poor shape are fed to livestock, and those that remain are boiled in a large pot of water on a traditional three-stone stove (see photo right) for an hour. The nuts are drained and dried in the sun for



Source: Jakob Nyboe



Source: Amitava Chattopadhyay

four to five days, then broken to extract the kernels, which are dried for another four to five days, then stored at home. The kernels are either ground by the women into shea butter for cooking or sold to traders, either directly from the village or at the local market. They are sold by volume—typically by the pan load (Exhibit 4) in which they are carried to market or measured out in a 'tomato tin' (see photo left).

In the conventional supply chain, the shea kernels sold by the women reach companies like AAK via a chain of middlemen, each with a truck, as explained by Jakob Nybroe, AAK's Programme Manager for Kolo Nafaso in Ghana:

You have a guy going around buying small volumes, and he will be able to aggregate up to a tonne or thereabout. He would then sell that tonne on to a guy who could fill more trucks, let's say 8-10 tonnes, and in principle he would then sell that on to somebody who would have a big truck, say 40-50 tonnes. And that would be the traditional three links.

The biggest trucks bring the kernels to one of the shea trading centres, in major cities like Bobo-Dioulasso in Burkina Faso or Tamale in Ghana, where they are purchased by international producers and shipped out for processing.⁸

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- 6 In the EU and some Asian countries, the concentration of CBEs in a final product labelled as chocolate could not exceed 5%, while the US did not allow any blending of CBEs in products marked as 'chocolate'.
 - 7 Prices of shea nuts and butter follow the movements of cocoa beans and cocoa butter prices, but are substantially lower.
 - 8 Oil and fat producers like AAK bought the kernels rather than shea butter, as African women using traditional processes to make shea butter, could only extract a small portion of the vegetable fat compared to the industrial processes used by large companies.

AAK in Shea

AAK, a Swedish company, had been providing vegetable oils and fats for various industries for more than 140 years. It had been processing shea since the 1950s and was a dominant player. It embraced responsible sourcing as one of the key pillars of its corporate strategy, and followed the UN Global Compact (UNGC) on Human and Labour Rights, Environment and Anti-corruption. The UN's 17 Sustainable Development Goals (SDGs)⁹ are implemented globally in AAK's businesses.

In 2009, AAK initiated a project to enhance responsible sourcing of shea kernels in Burkina Faso. The Kolo Nafaso programme—meaning “the house of benefits of shea kernels” – worked directly with women's groups to create a sustainable, traceable supply chain, and improve productivity. AAK trained them to process shea in the best possible way—from collection to storage. The women had the ability to decide when, how, and to whom they sell the shea kernels – they were in no way bound to AAK, who paid the market price.

At first, about 2,000 women enrolled in the programme, which doubled in size every year. For AAK, it offered an integrated way of doing business, as Mads Feer, Global CSR Manager, recalled:

...My manager was the Director of Sourcing and Training, responsible for the purchases of shea. When he needed more shea kernels, he would increase the price. But since there were so many middlemen in the supply chain, they absorbed all of the increased price and none of the increase would reach the women, the producers. That meant that you wouldn't have any incentive for the producers to produce more or sell more to us, because all the price increase was absorbed by middlemen.

So the idea was to have direct contact with the producers so that when you increase the price, you get higher volumes out, you have bigger influence on the quality of the shea that you buy by teaching the women how to treat the kernels post-harvest, then you have a better likelihood of influencing the quality. That was one of the things, at least one of the drivers at the beginning of this project.

Also, you could say we were the market leaders of shea in general, we wanted to be ahead of the competition. We could see that in other markets the principles of Fair Trade, these direct-sourcing programmes were quite popular, with increased traceability, more transparency in the supply chain, etc. So we thought we might as well, as market leader, be ahead of the competition and try to work in this direction that we thought the market would go at some time.

The overall objective was for this to become a sustainable part of AAK's sourcing activity, while possibly also being recognised as a fully integrated sustainable activity by consumers on a global scale. (Exhibit 5 shows the evolution of AAK's shea sourcing activity since the 1950s).

⁹ <https://www.unglobalcompact.org/sdgs/17-global-goals>

The Kolo Nafaso Programme in Action

The first step to enrol village women in the Kolo Nafaso programme was to establish community entry. To do so, a representative of AAK—an “extension officer”¹⁰, hired locally, approaches the village headman to explain what AAK is about and get his permission to speak to the women in his village (e.g., as for NGOs or for group activities in the village).

In a series of meetings, the extension officer explains to the women what AAK has to offer, helps organize those interested in participating in the programme into groups, facilitates the election of group representatives (i.e., president, secretary and treasurer), supports the opening of a group bank



Source: Amitava Chattopadhyay

account for financial transactions, and conducts training to enhance the productivity of shea collection, processing and storage.

The training begins by asking the women to demonstrate the traditional technique of boiling the nuts, after which the extension officer shows a different technique that achieves the same result (i.e., prevents germination of the nuts). Instead of boiling nuts in a pot full of water for an hour, he shows how they can be steamed in two inches of water for 15 minutes. This method uses less water (a scarce resource that has to be carried from a distance), less fuel (wood that requires collection from the bush or needs to be bought), is quicker to dry (the nuts absorb less water when steamed as opposed to boiled), and importantly reduces the risk of the women getting scalded when draining the nuts. He also stresses the importance of steaming the nuts as soon as possible after harvesting (i.e., less than 3 to 5 days) to stop the germination process. He demonstrates the proper way to store kernels after drying them in the sun, using the sacks¹¹ provided by AAK. It involves storing the kernels indoors on planks to avoid damp (through contact with the mud floors and walls of their huts), which impairs the quality of the kernel.

The women are also informed that AAK will purchase kernels by weight rather than volume, if they agreed to sell to AAK. Further, the quality of the nuts will be checked using an instrument to determine moisture content, a key indicator of quality (has to be less than 10%). Buying by weight is presented as a fairer form of pricing: the extension worker demonstrates the use of scales to show how the same volume could weigh different amounts.

¹⁰ Extension officers were predominantly male.

¹¹ Typically, used jute sacks are bought from cocoa buyers.

Two other key pieces of information are given to the women at the meeting:

- **Pre-financing** – At the end of the dry season, after the shea tree has flowered, the extension worker visits the village and asks each member of the group signed up with AAK to indicate how much they expect to collect, and notes it down. AAK offers a pre-finance payment per bag (limited to 1-2 bags per woman). Thereafter, the total pre-financing amount for the group is transferred to the group's bank account. Those funds are then distributed to each woman by the president and secretary of the group, with the extension officer¹² present as a witness. At that point, AAK hands out the jute bags for them to store shea kernels.
- **Bonus** – During the harvest season, a date is agreed upon for collection of kernels, at which point AAK personnel come to the village, check the kernels for moisture content, weigh the kernels, and take them away. Payment is transferred to the bank account after the pickup and distributed to the women by the president and secretary of the group, again with the extension officer present as a witness. If the group as a whole meet the promised quota,¹³ a bonus payment (a small percentage of the price) is made to the group as a whole, to be used as they wish (for community projects or distributed to individuals). This too is transferred to the group's bank account.

The first meeting sets the tone for AAK's interaction with the women's groups, as it is important they understand the way AAK works. For example, some women had issues about AAK taking the kernels before making payment to the bank account. Others did not understand how pre-financing worked. Aude Traore, AAK's Programme Manager for Kolo Nafaso in Burkina Faso, explained:

What is complex is to make them really understand the way we work – that we are not an NGO, we're not an association, we're not a project, we don't give money just for free, it's not a gift. It's a part of the kernels you will deliver. It's what we are buying. And sometimes it's difficult to make them understand that message.

The women were usually interested in signing up after the first meeting. AAK returned later to get the shea commitments and to make the pre-financing payments, as Traore explained:

We ask them to estimate the volume they want to deliver to us, that they can commit to, and we calculate the pre-financing. When it's a new group, we start low, with only one bag per woman. It's a way for us to see if they can work with us, if they understand, if they are loyal. And it's also a good way for the women to trust us, to be confident... because they see a lot of projects start but later they never come back, so sometimes they are reluctant to take the pre-financing. So the first season we start with only one bag per woman. It's a way to more bags in the future, with a bigger pre-financing.

¹² The extension officer would not handle the cash directly except under certain circumstances, for example when the women return the pre-financing (see later section).

To get around the risk of putting up cash before the kernels are collected, AAK makes the whole group responsible for delivering on the committed number of bags. If, for example, one woman accepts pre-financing for more bags than she can deliver, the whole group is responsible for delivering the remaining bags, to qualify for the bonus.

AAK's buying season starts in June/July and stretches to December/January. The women arrange with AAK to come to collect the shea kernels. AAK comes with a truck and the kernels are weighed in front of the women on scales, after calibrating with packaged sugar (see Exhibit 6). Each woman gets a slip of paper from the extension officer stating how much she has delivered and how much money she will receive, based on the price AAK is offering. This information is also noted in a ledger by AAK, with the president/secretary/treasurer present, to ensure it is correctly recorded. During this period AAK hires temporary workers to support the extension teams, who would otherwise be overwhelmed.

Payment is made via the group's bank account, following pickup. The money is drawn out by the three signatories (president, secretary, treasurer) during a trip to the nearest town with banking facilities, after which they hand it out to the women, overseen by the extension officer and the village head (or other trusted person). Bonus payments are made at the end of the season, also by bank transfer.

The women tended not to sell their entire harvest to AAK¹⁴ and to keep some for personal needs, be it for cooking or to sell at the local market to meet immediate need for cash, e.g., medication for a sick child. During the season, women might also sell to middlemen if they thought the price was higher than they would obtain with AAK.

By 2013, more than 30,000 women were enrolled, and a year later the number had increased to over 50,000 women, in Burkina Faso. The programme's geographical coverage expanded to bring more women and source more nuts through Kolo Nafaso. Extension was dependent on i) the presence of (nearby) shea trees, and ii) the distance to existing Kolo Nafaso areas for easier logistics in linking up and collection.

AAK tried not to cannibalise its conventional supply chain, which was still 90% of its supply. It had 30 large suppliers who also sourced from the same women and used the traditional chain of middlemen.

The Ghana Extension

In 2015, AAK decided to roll out the programme to Ghana following essentially the same format as Burkina Faso, with some adaptation to the local context, as follows:

- 1) The conventional shea supply setup was more fragmented and less influential in Ghana, and there were many "open" areas that the conventional supply chain had not yet penetrated.

14 A woman, in general, would be able to collect 5 bags in a season – she would keep one, sell 2-3 to AAK, and the rest to a middle-man.

- 2) Ghana is much smaller than Burkina Faso (which had made going to some areas as well as gathering team members for meetings problematic), so it was easier to manage logistically.
- 3) Ghanaian women tended to buy nuts from other shea collecting women (besides harvesting their own), whereas those in Burkina Faso tended to sell only what they collected.

The initial plan was to add 15,000 women every year for the next three years and reach 50,000 by 2021. However, by 2019 the programme in Ghana had engaged more than 100,000 women, driven by an increase in demand for shea, and the fact that political troubles/terrorist activity in Burkina Faso limited shea collection in that country. The total number of women involved in the Kolo Nafaso programme thus significantly surpassed 200,000, by 2019.

Impact

Because Kolo Nafaso followed Fair Trade ideals, one of the debates within AAK centred around the need for certification – the official stamp of approval that its shea was indeed sustainable and traceable, and that Kolo Nafaso was providing benefits to the women collectors and their communities.

However, AAK was not certain that the cost of obtaining such certification was justifiable. Research suggested that 95% of the gains from such initiatives went to the certifying authority and had no impact on the producers (i.e., the women who gathered the shea kernels).¹⁵ Also, Fair Trade required a 5% premium, above the market price, to be paid on the goods¹⁶ – a source of contribution to the producers. AAK was not sure if it could charge its clients a higher price for Kolo Nafaso shea extracts. As a result of these hurdles, AAK decided to publicize its plans and efforts in West Africa by publishing shea progress reports¹⁷ starting in May 2018.

In 2019, AAK conducted its own impact study, based mainly on its work in Ghana (due to the political troubles in Burkina Faso that limited access to the women collectors). Exhibit 7 shows the results of Kolo Nafaso from 2009-2019: explosive growth in the number of women enrolled in the programme and in the number of bank accounts opened. AAK has also trained women participating in the Kolo Nafaso programme to build more efficient “rocket stoves, and by early 2019 some 2,500 such stoves had been built. These stoves are 35%-65% more efficient than the traditional three-stone stoves used.

The 2019 impact study (Exhibit 8) found that pre-financing (77% of respondents) was by far the greatest attraction for the Kolo Nafaso programme participants in working with AAK, as it provided funds to engage in other activities, with a multiplier effect (Exhibit 9). One significant activity in which pre-financing funds were invested by the women was farming, where the funds went towards buying more seed, hiring ploughs, etc., and led to farming a larger portion of the women’s farm plots. However, the women found it more challenging to access farm

15 <https://iea.org.uk/blog/lets-get-the-facts-straight-on-fairtrade>

16 Source: Interview with Aude Traore

17 AAK’s progress report on sustainable shea - May 2018.

equipment compared to men (Exhibit 10). Pre-financing was also used to invest in micro-businesses such as trading shea kernels (some bought them from other women to sell), selling household use items (soap, toothpaste, etc.) or prepared food (e.g., a local sweet bread like a doughnut). The ability of the women to start micro-enterprises and farm their land, provided greater financial independence and was a source of great pride for the women. It enhanced their standing in the community and also enabled significantly more women than before to have full control over the funds generated through shea collection and auxiliary income generation initiatives—compared to the past, when some 73% of women had exclusive control over these funds, that number had increased to 94% by 2019.

Food security was also enhanced for families who had already depleted their reserves (from farming) by February/March (the shea flowering season, when pre-financing was given out), and needed to buy food supplies. Pre-financing also helped to pay school fees. Although in rural Burkina Faso this amounted to US\$6 per child per year,¹⁸ for financially challenged families, it was not always easy to find the money to send all their children to school. Karidia Traore, president of the group Faso Bonokora in the village of Gognion, explained:

With the pre-finance of one bag of shea kernels, I give US\$6 to my husband to pay the school fees and the rest to the children's canteen. It makes me feel proud to help the family and to help my husband.

The bonus element was the next most important aspect of the Kolo Nafaso programme. It was sometimes used for community investment (see Exhibit 11), such as renovating a school, building a well or improving access to water, and creating an “insurance fund” that those in need could borrow from (with interest). However, in most cases the money was distributed to the individual women for discretionary use (Exhibit 12).

Although Kolo Nafaso women received a similar market price as others who were not part of the programme, the study concluded that they had substantially fewer costs related to shea kernel trading as they did not have to travel several times a month to the market—saving effort, time and money. Bulk sales also meant they had a large sum of money at their disposal at a set time of the year.

AAK benefited as well. The average quality obtained from the Kolo Nafaso supply was better than that from the conventional supply chain. AAK also had a better feel for the shea market through direct contact with the women harvesting kernels, as Kasper Torup-Villadsen, Head of Sourcing & Logistics West Africa at AAK, explained:

... [information] from our suppliers in the past might have been a little bit biased, so this gives us a different way of validating prices, market information, all these things, which is highly beneficial to us throughout the season. It also gives us a lot of information prior to the season because we hear from the women how they see the crop, and they are the experts when it comes to these things... Not necessarily that they can give us a big statistical model on how crops are developing, but they can always give you

¹⁸ Public school was free in Ghana, however.

something relative, in terms of 'Can you see more kernels than the last year?' and that's very beneficial in order to plan the season.

Many of AAK's customers also appreciated the sustainability of supply (see Exhibits 13 & 14).

Challenges

Despite the success of Kolo Nafaso, there remained several issues for AAK to grapple with:

Loyalty. Setting the price at which to purchase the shea nuts was challenging for AAK, as the market was not transparent, but the women participating in Kolo Nafaso were extremely sensitive to price. They would sell to middlemen if they offered higher prices, even though they may have taken pre-financing from AAK. Sometimes, too, they sold elsewhere because they did not trust that AAK would be back.

Volume. It was difficult to get more volume from the women, particularly in areas where the conventional supply chain was strong, as in Burkina Faso, as the middlemen bought a range of products from them. Some preferred to sell to middlemen, as they needed the money and could not wait for the group to sell collectively to AAK on an arranged date, or because the middlemen paid cash up front, whereas AAK paid post-delivery to a bank account.

Competition. Given that middlemen were starting to compete against AAK on some of their key benefits, such as pre-financing and buying by weight (vs. volume), how could AAK continue to differentiate its programme to ensure it would continue and grow?

Operational challenges of expansion. It was a challenge to establish processes to deal with the greater number of women in the programme. It was "a big difference from working with 1,000 producers to 100,000 producers, as we have a lot more administration...and we still have to document traceability, financial flows, deliveries etc."¹⁹ Geographic expansion posed logistics planning problems. It was not easy to find extension officers with the required skillsets. People with good relationship-building and problem-solving skills in the bush were a challenge to recruit as the numbers expanded.

Political troubles. Sporadic terrorist attacks in Burkina Faso, since 2015, highlighted the risks to the stability of supply as well as scalability, as extension workers found their activities curtailed. While the occurrence of terrorist attacks was out of AAK's control, the company needed to mitigate this risk. Large multinationals preferred to see a clear strategy on supply – how could AAK secure sustainable shea supplies over the next ten years?

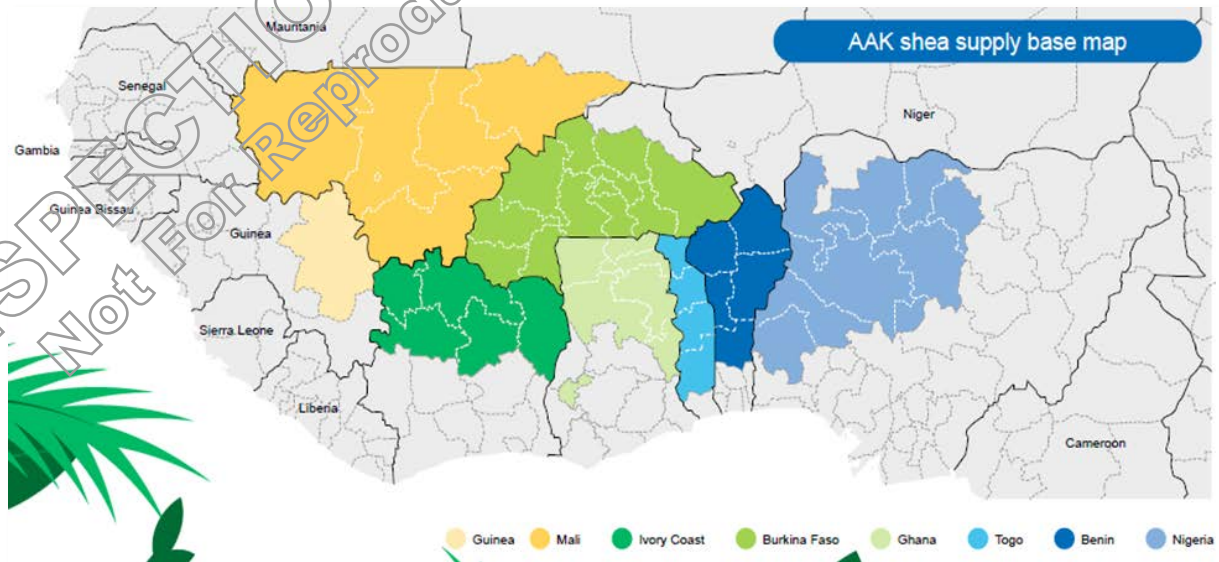
Higher cost of supply – If the Kolo Nafaso programme was to be expanded significantly, then significantly higher costs could become a challenge. How should AAK deal with the pricing of Kolo Nafaso products for their end customers?

¹⁹ Source: interview with Mads Feer, Global CSR Manager, AAK

Branding – Given the effort and cost of building an alternative supply chain, how best to realise the brand value of Kolo Nafaso with AAK's customers? What were the benefits/costs to clients? Would a Fair-Trade certification help? Could AAK get clients to mention Kolo Nafaso in their marketing as an ingredient brand, instead of just referring to ingredients being from a sustainable source? Would such mentions be useful? For whom, how and why? If they are useful, could special incentives for this be given? To which clients and what incentives? Which clients should AAK target with its Kolo Nafaso offering? Would CBE or cosmetics work better? Should it target new or existing customers? Should the Kolo Nafaso product be spread across customers or should AAK limit access and make large placements with a select few?

Exhibit 1

AAK Shea Supply Base Map and Leading Producer Country Production Volumes



Source: AAK

Country	Shea Kernel Production (Tons/Annum)
Burkina Faso	80,000
Ghana	60,000
Mali	60,000
Nigeria	50,000
Ivory Coast	40,000
Benin	35,000
Togo	20,000
Guinea	10,000

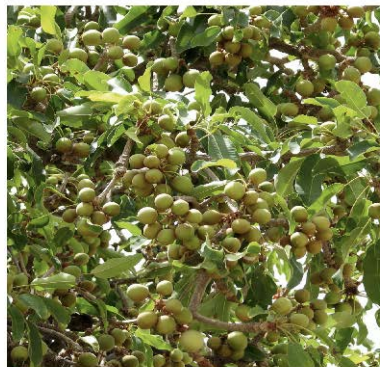
Source: <http://savannahnewsblogspotcom.blogspot.com/2015/04/non-existent-of-by-laws-affecting.html>

Exhibit 2 Shea Season



Source: AAK

Exhibit 3 The Shea Fruit



Shea fruit on the tree



Dried shea kernels

Source: AAK

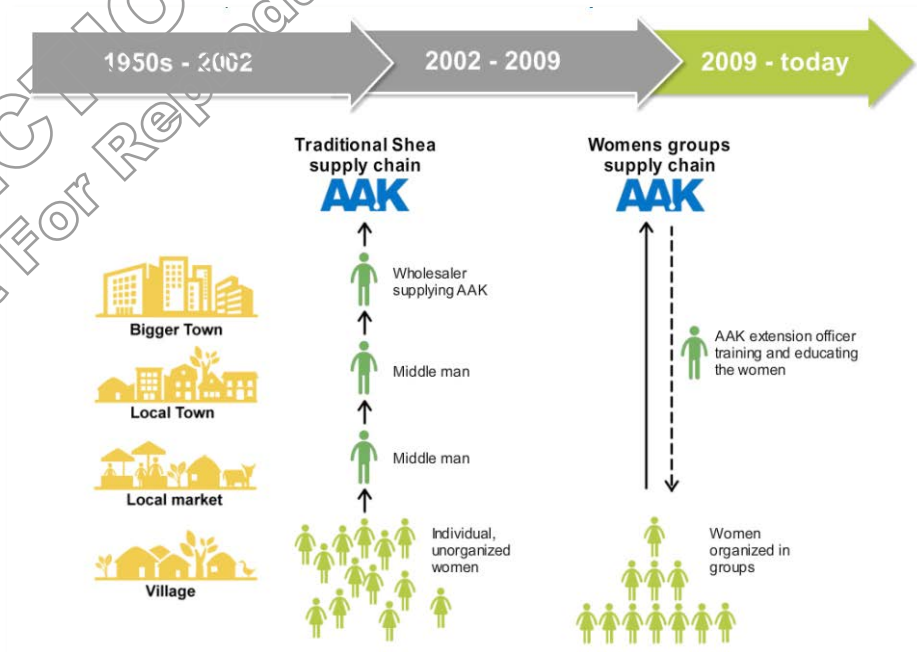
Exhibit 4

Woman Carrying Shea Kernels to Market in Head Pans



Source: AAK

Exhibit 5 AAK Sourcing Activity through History



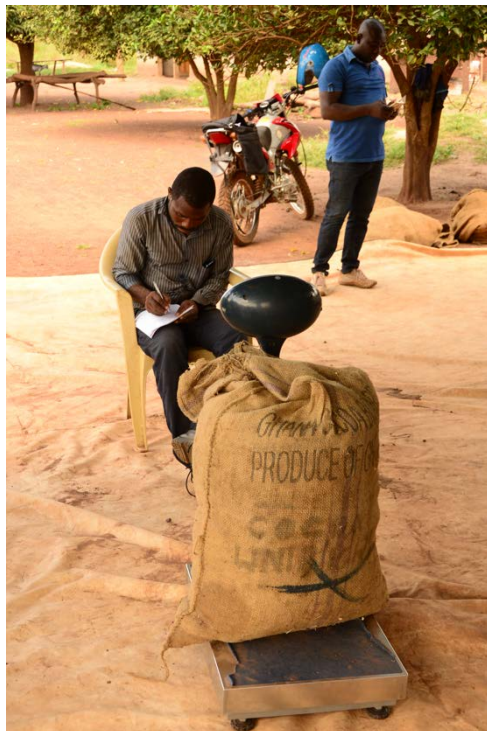
Source: AAK

Exhibit 6

Calibrating and Using Weighing Scales to Buy Shea Kernels



Weighing standard packets of packaged sugar (something familiar to the women, and with known weights), to demonstrate the accuracy of the scale

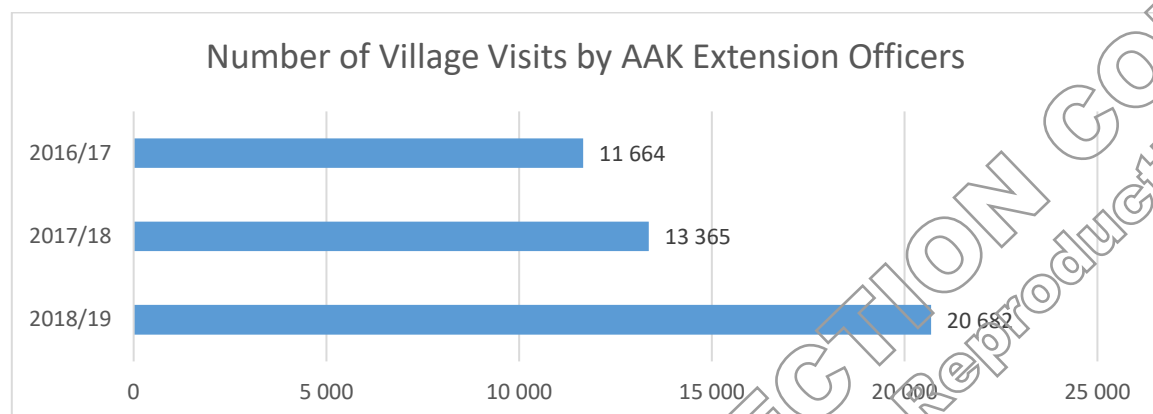
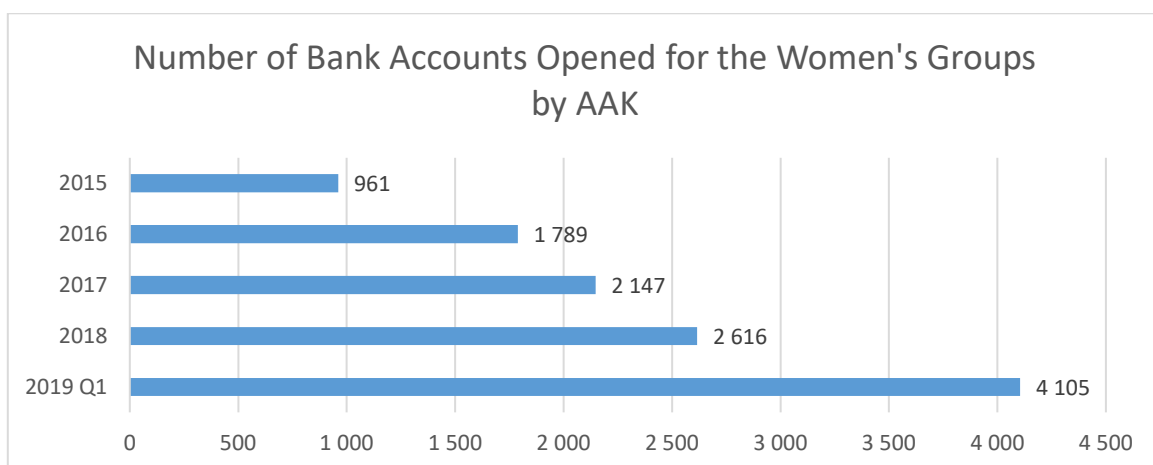
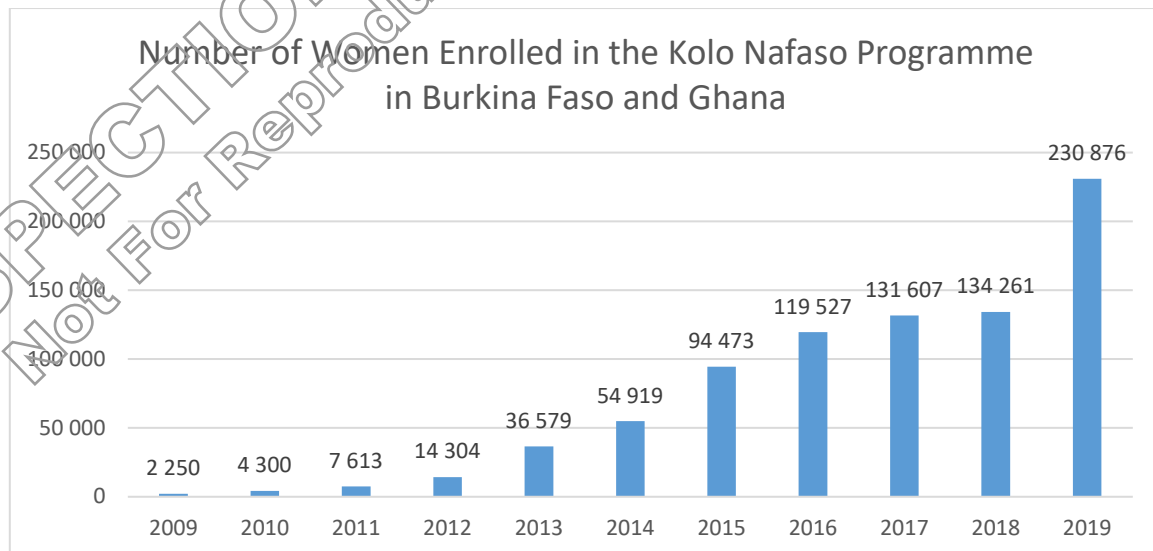


Buying shea by weight instead of volume

Source: AAK

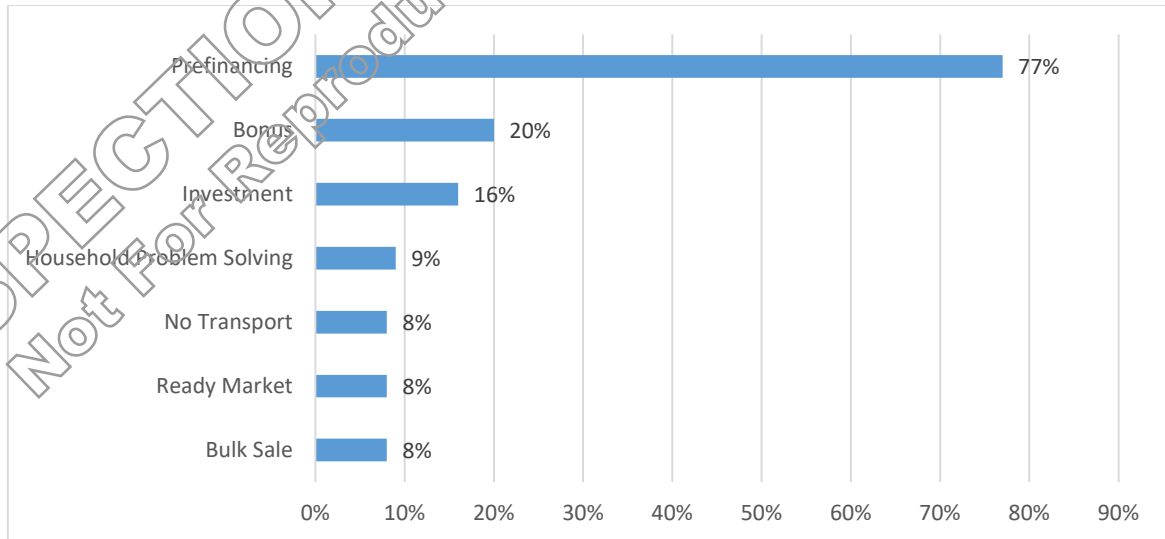
Exhibit 7

Key Achievements of Kolo Nafaso



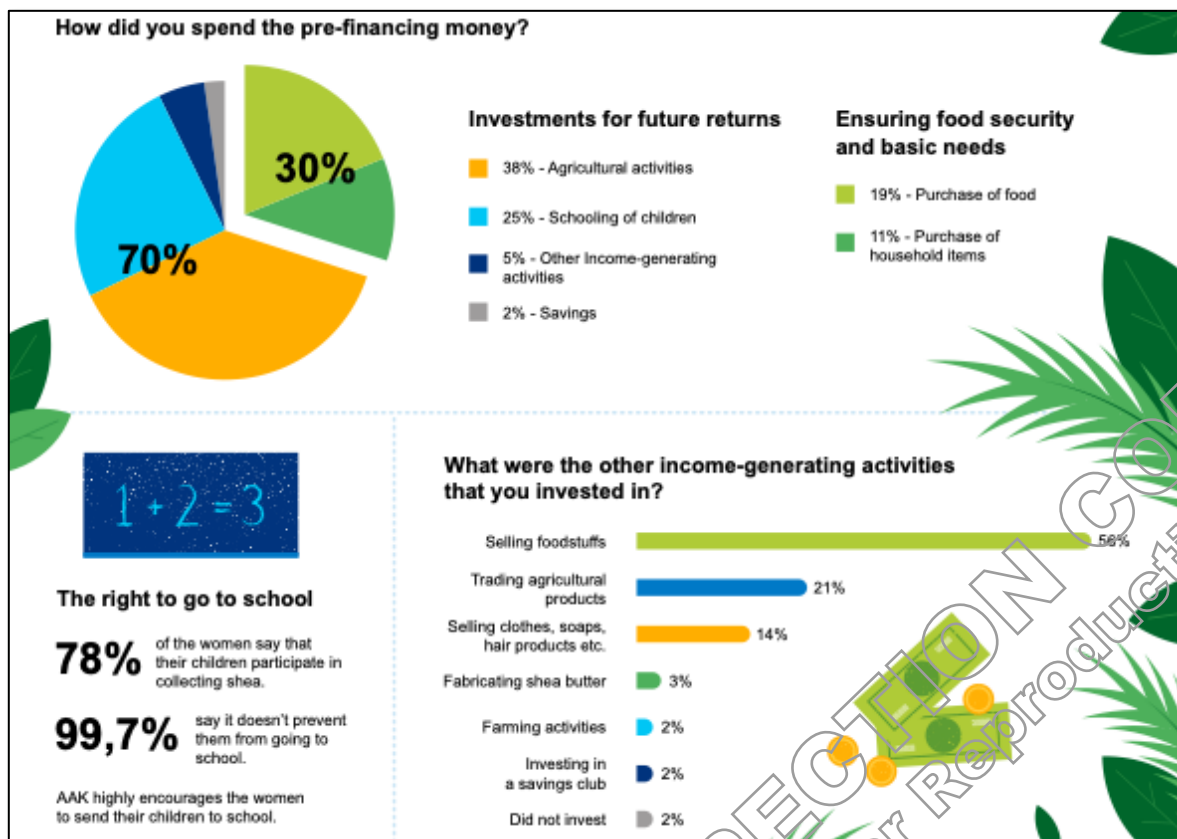
Source: AAK

Exhibit 8 Advantages of Working with AAK



Source: AAK

Exhibit 9 Uses of Pre-Financing



Source: AAK

Exhibit 10 Women's Access to Farming Equipment



83% of the women in Burkina Faso and **79%** of the women in Ghana claim that their husband gets access to ploughing equipment more easily than them.

The reasons are:

He's a man

He has a better network

☐ gender issue

He has a bigger farm

☒ I don't have the money at the needed point in time

☒ financial issue

AAK can have a direct impact on the financial constraints mentioned. We are supporting women's access to farming equipment by providing the needed finances through the pre-financing. Empowering women to be respected economic actors in the communities to can have an indirect impact on overcoming gender issues limiting access to farming. A follow up survey on this is recommended.

Source: AAK

Exhibit 11

Uses of the Bonus by the Group

Renovating the local school



The women's groups Kinyobaan and Titirtob are both based in the village of Tinangeria in Ghana. A few years ago, the community built a new school building, but did not have enough funds to plaster the walls or install doors to the class rooms. The members of the two groups decided to pool their bonus money and fund both the plastering and the installation of doors.

Inside the classroom of the school, with wall plastering and doors paid for by the women of Tinangeria, using the bonus money from AAK.



"We are planning to buy desks and chairs for the school if we get a bonus next season."

*Kobiche Danaa,
the secretary of
Titirtob women's
group*



"I know that it is the women's business, but I am really, really happy to see that their business benefits all of my community."

*Nakpali Naa,
Chief of Tinangeria*

Exhibit 11 Cont'd

Uses of the Bonus by the Group

Renovation of boreholes



Water is a rare and vital resource in Northern Ghana, so when the boreholes in Grushie-Zongo started having problems with broken valves and leaking pipes, it didn't take long for the members of the Tagnanme and Nitagar women's groups to decide to use their bonus money to install new valves and pipes. This way, water supply was secured in time for the dry season – not only for the village, but also for the local school, which serves children from seven surrounding villages.



"The alternative to the borehole is to fetch water from the river – but that is a long walk (almost 5 kilometers), so we're really happy that our borehole is working again thanks to our bonus."

*Augustina Andrews,
Chairwoman of Nitagar women's group*



Augustina Andrews, second from the right and chairwoman of Nitagar women's group, and her fellow group leaders can once again pump water from the underground using the village borehole.

Exhibit 11 Cont'd

Uses of the Bonus by the Group

Electrical installations at the community health clinic

Health services in Northern Ghana are far from ideal, so in Sisipe the community constructed a building to serve as a health clinic, and to be used by the nurses from Ghana National Health Services. The nurses come by the village once every couple of months to do antenatal health checks and monitor the health and development of newborns. The building was made without electrical installations, so the women from the Kagbon Ma To and Aben Kukoei women's groups decided to use their bonus to install wiring for lights and fans and pay the needed fees to get the building connected to the main line running to their community.



"Because of the bonus, everything is now ready for the electricity company to connect the building to the main line."

Addisheitu Iddrisu,
Chairwoman of Aben Kukoei



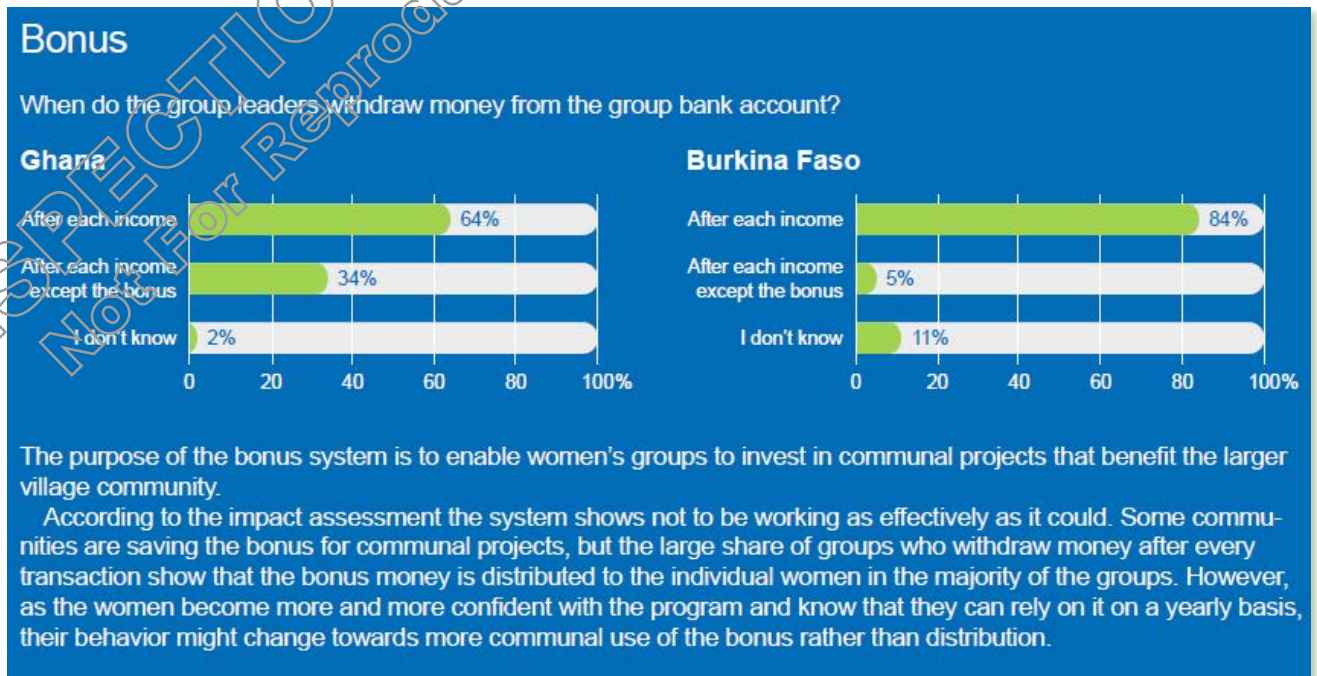
"It may not seem of much, but fans are a huge relief when the thermometer reads more than 40 degrees, and the women can soon attend health check-ups for themselves and their children under much more comfortable conditions."

Addisheitu Iddrisu,
Chairwoman of Aben Kukoei

Source: AAK

Exhibit 12

Pattern of Bonus Use



Source: AAK

Exhibit 13

The Case of Cloetta

"Cloetta is a Scandinavian mid-sized company that is high on sustainability and communicating about it. AAK has been a long-term supplier for them, and we explained to them about the Kolo Nafaso programme. They became interested in it and discussed internally with their senior management to evaluate this. We invited them over to West Africa. I think that was in November 2017. They went over there. We showed them our set-up in Ghana, in Accra, in the port in Tamale. We took them up country to Tamale, we went to two of the women's groups there. Drove them around for two days. And they had the opportunity to talk to some of the women in the women's group who actually worked with AAK. And they came back with such an impression about it and the impact that we were making in West Africa, that very shortly after that visit, when they had the chance to discuss internally about it, they came back to us and said "Okay AAK we are very much engaged in this program. We really want to make the switch. And from now on we only take this Kolo Nafaso shea." They have communicated about that. They are open about their whole CSR impact and they actually gave interviews about it. It is on their web site. They make press releases about it. So they are really an ambassador of the programme. So that is really a win-win."

Source: Interview with Marco Oomen, AAK Global Business Director for Chocolate & Confectionery Fats

Exhibit 14

Cloetta's Mention of AAK in its 2017 Annual Report

Sustainable shea butter – empowering women in rural West Africa





SHEA BUTTER

Women
organized
in groups



More than
100,000
women engaged.

In 2017 Cloetta decided to partner up with AAK (a specialist in oils and fats solutions) for sustainable shea butter. In a number of West African countries, AAK has set up a sustainability programme for direct sourcing of shea kernels that empowers rural women. The partnership means that from July 2018 and onwards, Cloetta will only source segregated and traceable shea butter that falls under the scope of the AAK direct sourcing programme.

The programme setup

From Tamale (Ghana), AAK is running a programme office for sustainable shea kernels. The basic principle of the programme is to establish a direct relationship with the rural West African women. Traditionally, the supply chain contains a series of middlemen

who give the women the status of price-takers in the market.

One prerequisite for the programme is that AAK helps the women to organize themselves into producer groups, normally consisting of women from the local village. By organizing the women in producer groups, AAK can build a direct buying relationship with the women. AAK then trains the women in business management and in good post-harvest practices. The main advantage for the women is a higher return, as they will be paid the same price that AAK would otherwise have paid to the middlemen. It is also a guaranteed outlet for all of their shea kernels. The advantage for AAK and Cloetta is a more secure, transparent and sustainable supply chain with increased opportunities to impact the quality of the shea kernels.

Another important benefit for the women is the possibility of obtaining pre-financing. At the beginning of the season, AAK extension officers visit the producer groups to discuss the women's outlook for the season. Part of the volume is then pre-financed and the women are paid this money at a time of year when they have little or no other source of income. It is also a guarantee that AAK will come back and buy all their shea kernels. The pre-financing is interest-free – it's an advance payment, not a loan.

The programme has been running since 2009 in Burkina Faso and since 2015 in Ghana. More than 100,000 women are engaged in the programme, which has had a major impact on the lives of the many women and their families.

Source: Cloetta 2017 Annual Report