Funded by the European Union

Ministry of Trade and Industry
Republic of Ghana

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

West Africa Competitiveness Programme (WACOMP)

Building competitiveness for export of cassava, fruits and cosmetics value chains in Ghana

A Value-Chain Analysis of the Cosmetics and Personal Care Products Sector in Ghana

December 2019

WACOMP
West Africa Competitiveness Programme

Ghana

TABLE OF CONTENTS

ABBREVIATIONS 4

EXECUTIVE SUMMARY 5

CHAPTER 1 7

INTRODUCTION AND BACKGROUND 7

OVERVIEW OF THE GHANAIAN ECONOMY 7
AGRICULTURE, INDUSTRY AND SERVICES SECTORS OVERVIEW 8
AN OVERVIEW OF THE COSMETICS AND PERSONAL CARE PRODUCTS INDUSTRY 8
IMPACT OF THE COSMETICS AND PERSONAL CARE PRODUCTS SECTOR ON THE GHANAIAN ECONOMY 10
OVERVIEW OF THE COSMETICS AND PERSONAL CARE SECTOR VALUE-CHAIN ANALYSIS 10
APPROACH AND METHODOLOGY 11
LITERATURE REVIEW 11
STAKEHOLDER CONSULTATIONS 11
OVERVIEW OF CONSULTED STAKEHOLDERS 12
GEOGRAPHICAL LOCATION OF CONSULTED STAKEHOLDERS 12
PRIMARY DATA COLLECTION 13
THE COSMETICS MANUFACTURING PROCESS AND VALUE CHAIN 13

CHAPTER 2 14

CONFORMITY AND STANDARDS ALONG THE VALUE CHAIN 14

REGULATORY AUTHORITIES AND CERTIFICATION SERVICES IN THE COSMETICS INDUSTRY 14
COSMETICS MANUFACTURERS COMPLYING WITH GSA STANDARDS 15
APPLICATION OF STANDARDS IN THE COSMETICS VALUE CHAIN 16
GAPS IN RELATION TO COMPLIANCE WITH STANDARDS 17

CHAPTER 3 18

CLUSTERS AND NETWORKS 18

GEOGRAPHICAL LOCATION OF COSMETICS AND PERSONAL CARE PRODUCTS INDUSTRY PRODUCERS 18
OVERVIEW OF SEED OIL PRODUCTION 19
EXISTING COLLABORATION AND POTENTIAL AREAS FOR UNIDO PROJECTS 20

CHAPTER 4 22

POTENTIAL FOR INNOVATION 22

ADDING VALUE TO COSMETICS MANUFACTURING IN GHANA 22
MANUFACTURING PROCESS ISSUES AND PROPOSED SOLUTIONS 22

CHAPTER 5 24

SUPPORT INSTITUTIONS AND SCHEMES WITHIN THE COSMETICS VALUE CHAIN **24**

CHAPTER 6 **26**

CHALLENGES AND RECOMMENDATIONS **26**

RECOMMENDATIONS **27**

ANNEXES **29**

ANNEX I: LIST OF REVIEWED DOCUMENTS **29**
ANNEX II: REGULATORY AUTHORITIES, STANDARDS AND SERVICES IN THE COSMETICS INDUSTRY **31**
ANNEX III: DETAILS OF SELECTED COSMETICS AND PERSONAL CARE PRODUCTS MANUFACTURERS **35**
ANNEX IV: PRODUCT MATRIX FOR INPUT IDENTIFICATION AND SELECTION **39**
ANNEX V: PESTEL ANALYSIS OF THE COSMETICS INDUSTRY IN GHANA **41**
ANNEX VI: SWOT ANALYSIS OF THE COSMETICS INDUSTRY IN GHANA **42**
ANNEX VII: A DESCRIPTION OF PRODUCT SELECTION FACTORS **43**
ANNEX VIII: GOOD MANUFACTURING PRACTICES (GMP) ABSTRACT **44**
ANNEX IX: GLOSSARY **49**
ANNEX X: SHEA NUT PROCESSING **52**
ANNEX XI: BLACK SOAP MANUFACTURING **55**
ANNEX XII: ISSUES RELATING TO THE COSMETICS INDUSTRY IN GHANA **57**
ANNEX XIII: SHEA VALUE CHAIN **59**
ANNEX XIV: SHEA PROCESSING STEPS **60**
ANNEX XV: BLACK SOAP VALUE CHAIN **61**
ANNEX XVI: BLACK SOAP MANUFACTURING PROCESS **62**
ANNEX XVII: SOCIAL ANALYSIS OF THE VALUE CHAIN **63**
ANNEX XVIII: DESCRIPTION OF VALUE-CHAIN ANALYSIS LEVELS OF OPERATION **65**
ANNEX XIX: KEY ISSUES RELATING TO THE COSMETICS INDUSTRY VALUE CHAIN IN GHANA **66**
ANNEX XX: ANALYSIS OF SHEA PRODUCERS AND BLACK SOAP PRODUCERS **68**
ANNEX XXI: MARKETING: LOCAL, REGIONAL AND INTERNATIONAL **71**
ANNEX XXII: INTERVENTION AND RECOMMENDATIONS MATRIX **72**

TABLE 1: STANDARDS FOR THE COSMETICS AND PERSONAL CARE PRODUCTS INDUSTRY 15
TABLE 2: COSMETICS MANUFACTURERS IN GOOD STANDING WITH GSA, SEPTEMBER 2019 15
TABLE 3: GAPS IN RELATION TO COMPLIANCE WITH STANDARDS: RAW MATERIALS 17
TABLE 4: GAPS IN RELATION TO COMPLIANCE WITH STANDARDS: FINISHED PRODUCTS 17
TABLE 5: INFORMATION ON MAJOR SEED OIL PRODUCERS 19
TABLE 6: POTENTIAL AREAS FOR UNIDO COLLABORATION 20
TABLE 7: MANUFACTURING PROCESS ISSUES AND SOLUTIONS 22
TABLE 8: SUPPORT SCHEMES AND INSTITUTIONS AND POTENTIAL ACTIONS 24
TABLE 9: GAPS IN COSMETICS VALUE-CHAIN SUPPORT 25

FIGURE 1: GDP GROWTH RATES IN GHANA, 2014-2018 7
FIGURE 2: LOCATION OF CONSULTED STAKEHOLDERS 12
FIGURE 3: MANUFACTURING PROCESS STEPS 13
FIGURE 4: COSMETIC MANUFACTURING VALUE CHAIN 13
FIGURE 5: LOCATION OF THE MAJOR REGULATORS AND TESTING AGENCIES IN GHANA 14
FIGURE 6: APPLICATION OF STANDARDS IN THE COSMETICS VALUE CHAIN 16
FIGURE 7: LOCATION OF KEY COSMETICS AND PERSONAL CARE PRODUCTS MANUFACTURERS 18
FIGURE 8: POTENTIAL CLUSTERS OF COSMETICS AND PERSONAL CARE PRODUCTS MANUFACTURERS 18
FIGURE 9: VALUE ADDED AT EACH STAGE OF BLACK BAR SOAP MANUFACTURING CHAIN 22

Abbreviations

AGI – Association of Ghanaian Industries

FDA – Food and Drugs Authority

GEPA – Ghana Export Promotion Authority

GRIDCo – Ghana Grid Company Limited

GSA – Ghana Standards Authority

NBSSI – National Board for Small Scale Industries

NOGCAF – Northern Ghana Community Action Fund

Executive summary

The cosmetics and personal care sector has the potential to become a leading industry in Ghana. The sector's current contribution to gross domestic product (as part of the industries and services sector) is not fully quantified, but it is considered that through the purchase of goods and services and the payment of taxes and wages, the sector generates a cycle of spending and re-spending that benefits the Ghanaian economy and its citizens.

About the cosmetics and personal care sector in Ghana

The Ghanaian cosmetics and personal care products market comprises a range of local and imported products. These products are categorized as follows:

- Bathing gels
- Body creams
- Body wash
- Hand creams
- Black soap (bars)
- Body scrubs
- Hair care products
- Lip balms

The majority of cosmetics and personal care products suppliers in Ghana are engaged in both wholesale and retail activities. A few companies import finished products and an even smaller number export to the international market.

Locally produced raw materials (such as shea butter, cocoa butter, coconut oil and black soap) account for a large proportion of the raw materials used in the finished cosmetics and personal care products that are manufactured in Ghana. Shea butter and black soap are by some margin the most commonly used ingredients, followed by cocoa butter (used in three to five per cent of locally manufactured products)

Most local manufacturers use black soap and shea to develop cosmetics and personal care products for sale locally and export. A small number of companies manufacture black soap on a large scale for local and international markets. Other industry stakeholders include essential ingredients producers (e.g. palm kernel oil and coconut oil producers) and service providers, such as shea nut networks and associations.

About the value-chain analysis

The value-chain analysis focused on the different stakeholders at each operational level in the cosmetics and personal care products sector, including raw material providers, processors of intermediate products and finished product manufacturers.

As part of the value-chain analysis, consultations were held with major stakeholders and field visits and interactions (including factory process reviews) were carried out at 14 Association of Ghana Industries (AGI) members and 12 non-AGI members. This activity covered the following parts of Ghana:

- The Northern Region (Bolgatanga, Tamale and Wa), where the majority of raw materials (shea butter, shea oil and baobab oil) are produced
- The Middle Belt and the Southern Belt (Ajumako, Bawjiasi, Ejisu and Koforidua), where producers of black soap are located
- The Western Region (Ellembelle, Jomoro, Nzema East and Takoradi), where coconut oil is produced
- The Coastal Belt (Accra, Takoradi and Tema), where the majority of finished product manufacturers are based

The data from the consultations and interactions were used to carry out product-comparison and product-prioritization analyses. In addition, as a result of the literature review of the market and the consultations, several standards and certifications that regulate the cosmetics and personal care sector in Ghana were identified. The two major regulatory bodies are the Ghana Standards Authority (GSA) and the Food and Drugs Authority (FDA). Both bodies are affiliated to the major international cosmetics and personal care sector regulators.

Recommendations from the value-chain analysis

The value-chain analysis produced a series of recommendations aimed at developing the cosmetics and personal care sector in Ghana and fostering its growth. The recommendations are grouped under the following areas:

- Clusters and networks
- Conformity and standards in the value chain
- Innovation potential (needs, processes, product differentiation, etc.)
- Support schemes and institutions in the value chain

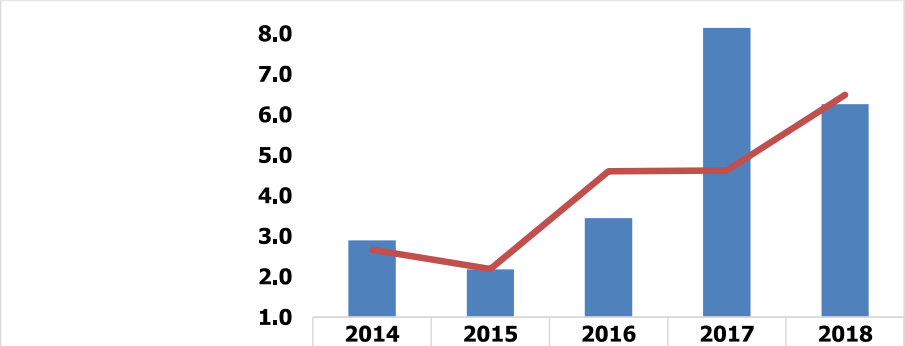
Chapter 1

Introduction and background

Overview of the Ghanaian economy

The Ghanaian economy has shown consistent growth since 2014. Provisional GDP (oil) growth for 2018 was estimated at 6.3 per cent, while the non-oil GDP growth rate was 6.5 per cent.

Figure 1: GDP growth rates in Ghana, 2014-2018



	2014	2015	2016	2017	2018
Real GDP growth, oil	2.9	2.2	3.4	8.1	6.3
Real GDP growth, non-oil	2.7	2.2	4.6	4.6	6.5

Source: Ghana Statistical Service

In 2018, the Industry sector recorded the highest growth, at 10.6 per cent, followed by Agriculture (4.8 per cent) and the Service sector (2.7 per cent). Services is the largest sector: its share of GDP increased from 46 per cent in 2017 to 46.3 per cent in 2018. The strongest performing subsectors in the Service sector were Information and Communication Technology (13.1 per cent) and Health and Social Works (22.6 per cent).[1]

Ghana scored 57.5 in the 2019 Index of Economic Freedom, ranking its economy at 109th.[2] This performance represents an increase of 1.5 points over 2018, with higher scores in fiscal health, labour freedom and monetary freedom more than offsetting declines in tax burden and business freedom scores. In Sub-Saharan Africa, Ghana has an above average score, ranking 13th out of 47 countries in 2019.

The Government of Ghana is prioritizing industrialization to create jobs and spur economic growth, but it faces fiscal constraints. However, the country's agricultural modernization and industrialization drive is on track to help achieve the targets set out in social protection intervention programmes.

[1] Ghana Statistical Service, "Rebased 2013-2018 annual gross domestic product" (Accra, April 2019).
[2] Terry Miller, Anthony B. Kim and James M. Roberts, *2019 Index of Economic Freedom* (Washington, D.C., The Heritage Foundation, 2019).

Agriculture, Industry and Services sectors overview

The performance of the cosmetics and personal care products sector is linked significantly to the health of the Agriculture sector, which provides most of the raw materials for cosmetics and personal care products; the Industry sector, of which cosmetics and personal care products is an intrinsic part; and the Services sector, which is an essential component for the operation of the cosmetics and personal care products industry.

According to the 2017 budget statement, the Industry sector grew by 15.7 per cent in 2017, largely due to a 30.8 per cent increase in mining and quarrying activities. This growth was driven primarily by an increase in upstream oil and gas activities, in particular the commencement of crude oil production at the Sankofa-Gye Nyame oil field and an increase in production at the Tweneboa Enyenra Ntomme and Jubilee oil fields. The 2019 midyear budget review confirmed that the Industry Sector remained the best performing sector, growing at 10.6 per cent in 2018, despite the considerable slowdown of the Petroleum and Electricity subsectors.

According to the review, the Agriculture sector recorded growth of 4.8 per cent in 2018 against a target of 6.8 per cent and compared to an increase of 6.1 per cent in 2017. The performance of the Agriculture sector in 2018 was attributed to slower growth in the Cocoa subsector and the continued decline of the Fishing subsector. However, Other crops posted growth of 6.1 per cent, an upturn attributed in part to the Government's intervention in the sector, including the progress of the Planting for Food and Jobs Programme, which was launched in 2017. The Services sector recorded growth of 2.7 per cent in 2018, against a target of 4.9 per cent.

A critical component of the Ghana Beyond Aid strategy is the expansion of the manufacturing sector in the country, with the Government aiming to increase its share of GDP from 12.2 per cent to 20 per cent. Such growth has been identified as a key component of economic transformation at the national level.

This focus on manufacturing sector growth and improving conditions to achieve this goal, including greater private sector participation, represents a significant opportunity for the cosmetics and personal care products sector. A vibrant cosmetics and personal care manufacturing industry will be beneficial to the Government, the general public and stakeholders in the industry.

An overview of the cosmetics and personal care products industry

The cosmetics and personal care products sector in Sub-Saharan Africa is expected to grow over the next two years. In 2012, the African beauty and personal care market was worth an estimated €6.93 billion and estimated to be growing at between 8 per cent and 10 per cent per year, against global market growth rate of around 4 per cent.

The largest beauty and personal care products market in the Sub-Saharan region is South Africa, which was worth over €5 billion in 2017.[3] Another major market is Nigeria, where sales are expected to reach €3.2 billion by 2020. In South Africa, most sales are made within structured distribution channels. However, elsewhere in the region, the sales infrastructure is more fragmented. For example, in Kenya, only 15 per cent of beauty and personal care products are sold in supermarkets.

In Ghana, the majority of suppliers of cosmetics and personal care products engage in both wholesale and retail activities. There are a few suppliers that import finished products and an even smaller number that export to the international market. Most companies producing cosmetics and personal care products are informal or one-person businesses, with little operational infrastructure and strategy. The cosmetics and personal care products sector in Ghana is competitive and profitable, thanks in part to an influx of new and foreign products on the market. For example, according to suppliers in the city of Takoradi, products regularly arrive from Côte d'Ivoire and sell very fast.

Generally, producers of cosmetics in Ghana show business growth, however, the most popular products are those imported from Europe, Côte d'Ivoire, Nigeria and Togo. In order to compete with imported brands, local cosmetics and personal care products manufacturers need to promote their brands along same lines, with particular emphasis on the benefits of products to consumers.

Ghanaian consumers show a preference for products with attractive packaging. While local manufacturers use a wide range of media to market their brands, it is notable that one of the greatest challenges faced by these companies in marketing their brands is overcoming the perception that locally made products are inferior to foreign ones.

In Ghana, majority of consumers prefer to buy cosmetics and personal care products from cosmetics shops. This behaviour is both a challenge and an opportunity for the industry. Notably, consumers are influenced by the quality of product more than the price and seem to want quality products regardless of where they come from.

The following are some of the leading cosmetics and personal care product brands in Ghana:

- FC Cosmetics
- Mega Growth
- Dedosh
- Zarion
- Victoria Secret
- Pop
- Nivea
- Mary Kay
- ORS
- Dark and Lovely
- Tamar
- Miss Loretta
- Mak
- Palmers
- MVP
- Shea Butter
- Ghandour
- Black Street
- Jacquelyn
- 2nd Image
- Vaseline
- Vital
- Sleek
- Glams
- Black Opal
- Allure
- Unilever
- Renewal

[3] Roland Berger Strategy Consultants, *Beauty and Personal Care Market in Africa: One Billion People to Care For* (Munich, Germany, 2016).

Impact of the cosmetics and personal care products sector on the Ghanaian economy

The cosmetics and personal care products industry makes a significant contribution to the Ghanaian economy. Although there is little information available on the performance of the cosmetics sector and its contribution to the manufacturing industry and the economy, it is believed that through the purchase of goods and services and the payment of taxes and wages, the cosmetics industry generates a cycle of spending and re-spending that benefits the Ghanaian economy and its citizens.

The cosmetics industry contributes to the economy in two ways:

Direct contribution by means of the manufacture of cosmetics and personal care products through the value chain. The chain includes raw materials providers, processors of intermediate goods and finished product manufacturers. The revenues derived and taxes paid by these stakeholders contribute to the GDP of the country.[4]

Indirect contribution by means of stakeholders that provide services related to the secondary activities that support the manufacture of cosmetics and personal care products in Ghana, such as intermediary wholesalers, transporters, retailers, distributors and regulators.

These contributions occur at the beginning of the supply chain (e.g., when cosmetics manufacturers purchase raw materials, packaging components and other goods and services, and transport raw materials, partially finished goods and finished goods).

In addition, expenditure by workforces employed directly and indirectly by the cosmetics industry contributes to the growth of the economy. The impact can be clearly seen in the northern part of Ghana, where the shea butter industry is booming and the middle and western belts where there is a concentration of palm kennel oil and cocoa industries. The income earned by workers is spent on various goods and services, leading to further economic activity and employment.

Most cosmetics and personal care products businesses are managed by local entrepreneurs, who by engaging in the value chain positively impact their lives, their families and local communities.

Overview of the cosmetics and personal care sector value-chain analysis

The cosmetics sector value-chain analysis had the following objectives:

- Document the means by which cosmetics and personal care products are produced in Ghana and exported to international markets
- Identify requirements and regulations relating to quality management/control and environmental, social, sustainable and food safety standards along the value chain, and any issues relating to these areas. This includes the identification of the capacity of local

[4] Data on the actual contribution of the cosmetics sector are not readily available.

services conformity assessment delivery (including standards development, inspection, testing, metrology, certification, accreditation and regulatory functions)

- Identify leverage points within the export value chain where addressing quality management/control, hygiene and sustainability issues could have a streamlining function
- Identify the change in value of products for different manufacturers at each step of the value chain (e.g., costs and margins relating to production, processing, packaging, marketing and logistics)
- Identify the level of cooperation and collaboration between businesses, entrepreneurs, universities, research and development institutions, Government institutions, financial institutions and the media
- Identify the innovation capacity of the value chain in relation to the number of brands, process upgrading, product and packaging design, technology, etc.

Approach and methodology

A broad and extended approach was adopted for the value-chain analysis. The analysis covered the range of activities carried out by the various stakeholders to turn raw materials into finished products and to bring finished products to the market. Key components of this approach included:

- A literature review
- Stakeholder consultations
- Primary data collection

Literature review

Information on the cosmetics and personal care products sector was collated, reviewed and analyzed. The review provided a good insight into the industry in terms of its history, import and local production activity, and key trends over the last ten years. It also provided access to previous studies on the sector.

Furthermore, theoretical models, such as the Value Chain framework of Michael Porter, were studied and applied to the research. The list of research documents is provided in Annex I.

Stakeholder consultations

Key stakeholders in the industry were consulted for their views on various aspects of the value chain. These included regulators (GDA and FDA), support institutions (the Ministry of Trade and Industry, the Ghana Export Promotion Authority and AGI), raw material suppliers, producers, cooperatives, wholesalers and distributors.

Discussions with stakeholders confirmed that locally produced raw materials (shea butter, cocoa butter, coconut oil and black soap) account for a large proportion of the raw materials used in finished cosmetics and personal care products. Additionally, the consultations found that shea butter and black soap are by far the most common ingredients in most cosmetics and personal care products manufactured in Ghana, followed by cocoa butter, coconut oil and other essential oils.

Overview of consulted stakeholders

The criteria for identifying and selecting stakeholders for consultation was based on products manufactured, geographical location and type of activity within the value chain. The stakeholders consulted included:

- Different types of producers (raw material producers, processors of intermediary products and finished product manufacturers)
- Partners or cooperatives (relating to producers and processors/assemblers)
- Transporters of raw and finished products
- Storage companies, wholesalers, distributors, retailers and exporters

Based on these criteria, 14 AGI members and 12 non-AGI members were selected. Information from stakeholders was collected and used to perform product-comparison and product-prioritization analyses.

Geographical location of consulted stakeholders

The location of the stakeholders can be broadly grouped into the following geographical zones:

- Northern Ghana, including Tamale, where majority of the raw materials (shea butter, shea oil, baobab oil) are produced, and where finished product manufacturers are based.
- The Middle Belt, including Ejisu, where black soap producers are based, and Kumasi, where finished product manufacturers are situated.
- The Southern Belt, including Accra, where the majority of finished product manufacturers are based.
- Western Ghana, including Takoradi, where coconut oil and finished product manufacturers are based.

Figure 2: Location of consulted stakeholders

Primary data collection

An open-ended questionnaire was designed and used for data collection. The selected stakeholders were interviewed based on the questionnaire. This ensured consistency in the data collected from the field and made analysis possible.

The cosmetics manufacturing process and value chain

The following charts provide an illustration of the cosmetics manufacturing process and value chain.

Figure 3: Manufacturing process steps

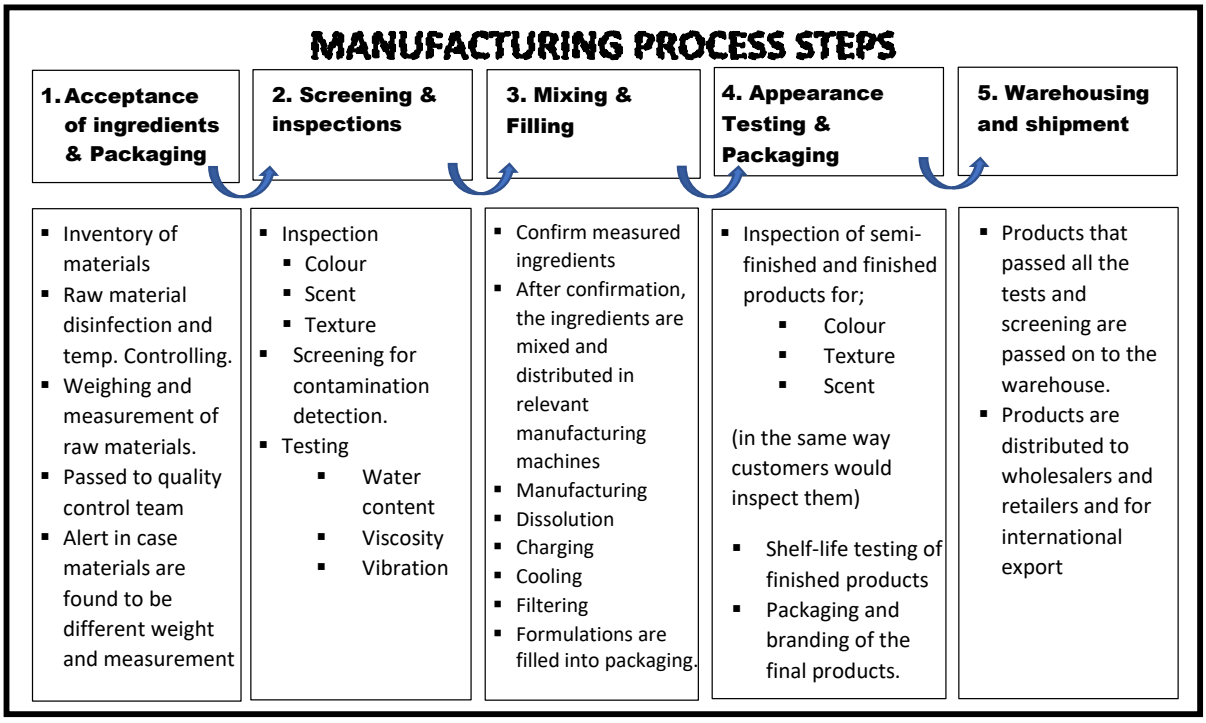
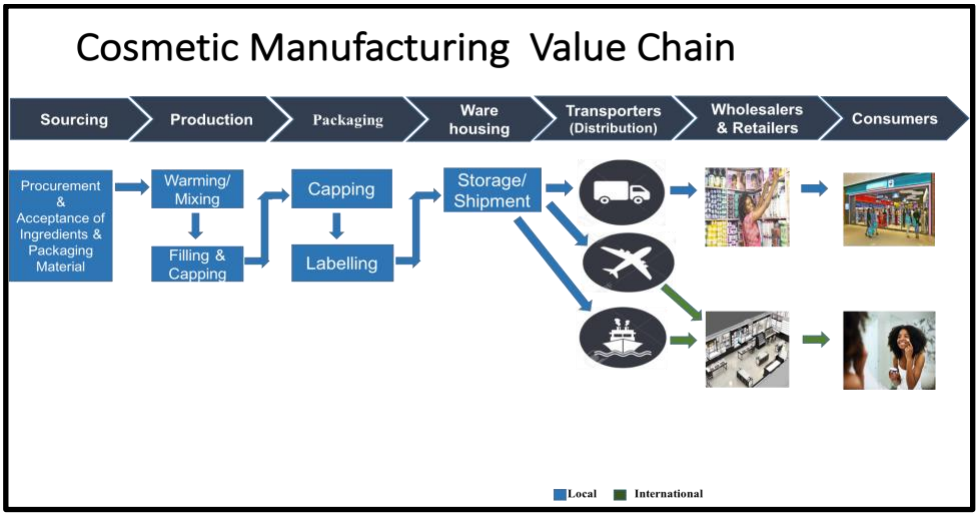


Figure 4: Cosmetic manufacturing value chain



Chapter 2

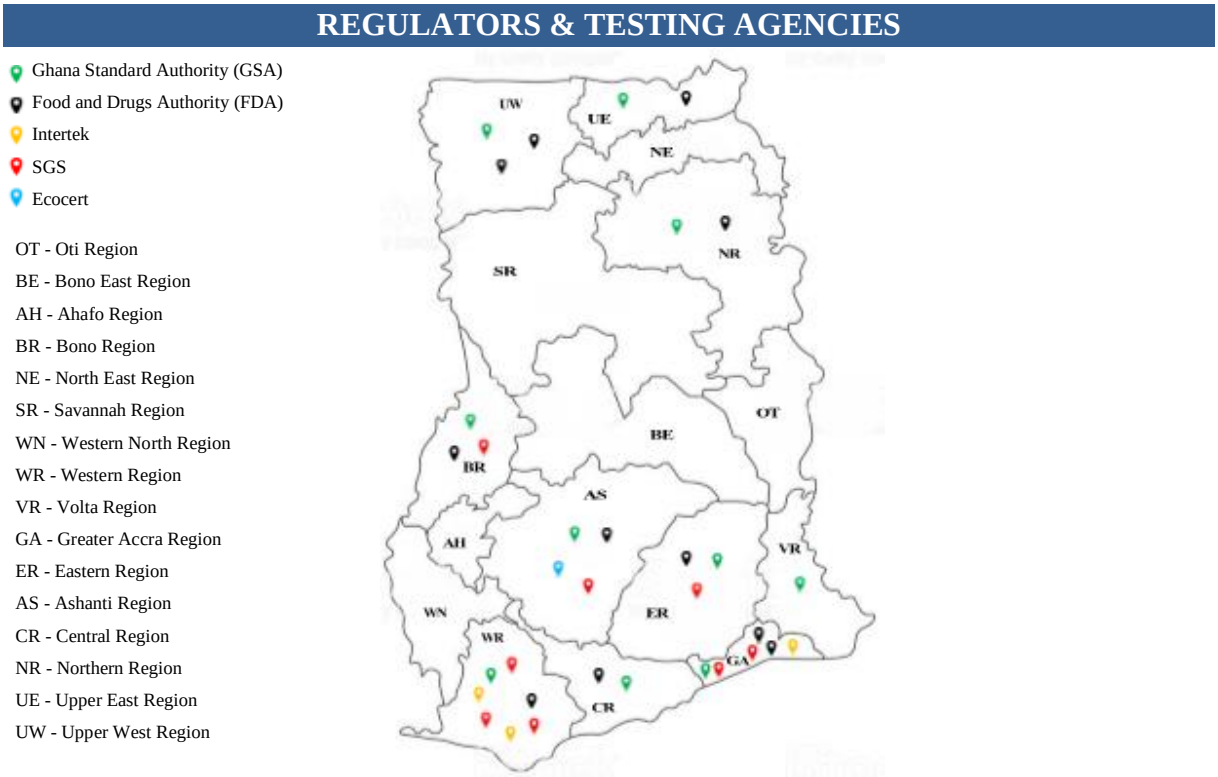
Conformity and standards along the value chain

The information presented in this chapter is based on the findings from the stakeholder consultations, research on regulators and standards, and information from stakeholders that are complying with the standards.

Regulatory authorities and certification services in the cosmetics industry

A detailed list of regulatory authorities and the various standards that apply to the cosmetics and personal care products industry is provided in Annex II. Figure 5 shows the location of the major regulators and testing agencies.

Figure 5: Location of the major regulators and testing agencies in Ghana



The regional offices of FDA and GSA only collect test samples, which they forward to their main laboratories in Accra, where testing is conducted. Intertek, SGS and Ecocert are private certification bodies that also provide laboratory testing services mainly for export products.

The applicable standards for the cosmetics and personal care products industry are listed in table 1.

Table 1: Standards for the cosmetics and personal care products industry

Raw materials	Finished products
1. GS 953:2018 67.200.10 – Shea nuts 2. GS 956.2008 – Code of practice for shea kernel and butter 3. GS 238: 2006 / 1:2014 67.200.10 – Shea butter (unrefined) 4. GS 238:2014 – Unrefined shea butter 5. GS 289:2007 71.100.40 – Soaps and detergents (specifications for anago soap) 6. GS 998:2019 – Medicinal plants (specifications for moringa leaf products) 7. GS 738:2017 – Specification for cocoa butter	1. GS 258.2017 – Skin creams 2. GS 285.2018 – Conditioners 3. GS 284.2018 – Hair relaxing cream 4. GS 281.2018 – Hair pomade 5. GS 228.2018 – Setting lotion 6. GS 225.2018 – Detergent hair shampoo
Manufacturing	**Packaging and labelling**
1. GS ISO 22716:2017 71.100.70 – GMP (Guidelines on Good Manufacturing Practices – Cosmetics)	1. GS ISO 22716:2017 71.100.70 – GMP (Guidelines on Good Manufacturing Practices – Cosmetics) 2. GS ISO 22715:2013 71.100.70 – Cosmetics packaging and labelling
Product control, storage and shipment	**Other codes and standards**
1. GS ISO 22716:2007 – GMP (Guidelines on Good Manufacturing Practices – Cosmetics) 2. EU Market - Regulation (EC) No 1223/2009 3. US Market – FD&C Act and FPLA	1. Code of practice for extraction of local essential oils 2. Standard for black soap shower gel 3. Ghanaian standard for hair and body oils

Cosmetics manufacturers complying with GSA standards

In September 2019, GSA listed 52 cosmetics manufacturers with valid operational licenses, with 50 conforming to a total of 17 standards.

Table 2: Cosmetics manufacturers in good standing with GSA, September 2019

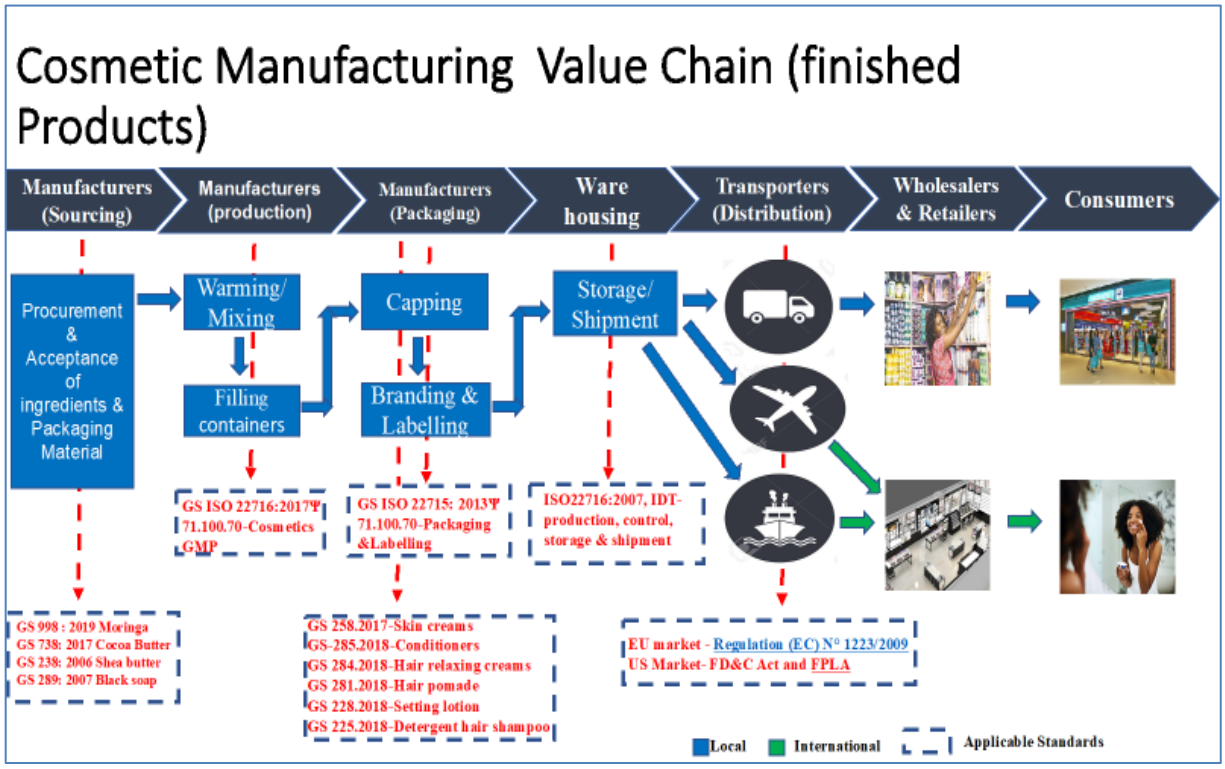
Ghana Standards Authority data			
		Standards	**Number of manufacturers**
		IS 4765: 1975	1
		GS 130:2017	5
		GS 131: 2006	2
Number of cosmetic manufacturers in good standing	**52**	GS 132: 2017	2
		GS 167: 2006	6
		GS 186: 2007	6
		GS 225: 2018	2
		GS 229: 2017	3
		GS 238: 2006	6
Number of companies that complied with standards	**50**	GS 258: 2018	7
		GS 281: 2006	1
		GS 281: 2018	15

		GS 289: 2017	6
		GS 606: 2018	2
Number of standards applied	**17**	GS 778: 2018	2
		IS 4765: 1975	1
		IS 7123: 1993	9

Application of standards in the cosmetics value chain

An analysis of the applicable standards showed how they are applied throughout the cosmetics and personal care products value chain.

Figure 6: Application of standards in the cosmetics value chain



Gaps in relation to compliance with standards

A number of gaps were identified with regard to how companies comply with the standards that apply to the cosmetics value chain. These are presented below according to area of production (raw materials and finished products).

Table 3: Gaps in relation to compliance with standards: raw materials

Gaps	Causes
GSA has a general standard for skin but not a specific standard for shea butter-based creams and pomades	There are no standards developed for shea butter creams and pomades
Black soap manufacturers do not supply products of consistent quality	No standard for black soap No code of practice for black soap production
Checking of shea butter quality (most industries only conduct an assessment of shea butter based on physical appearance)	There is no standard for checking quality of raw unrefined shea butter

Table 4: Gaps in relation to compliance with standards: finished products

Gaps	Causes
Delays in testing and analysis of products by the GSA	All tests and analysis are conducted at GSA headquarters in Accra. There are no testing laboratories at regional branches
GSA does not perform all the required testing for export activity. Sometimes, producers have to go to Atomic Energy for heavy metal analysis	GSA does not have the capacity to conduct all product quality tests that are mandatory for the export market
Delays in product analysis at SGS Ghana. The release of final analysis reports is delayed because of the fact that final approval is issued by SGS Kenya	Decision making related to the release of analytical reports takes place according to a centralized schedule and SGS Ghana is unable to release results until it has received approval from SGS Kenya

.

Chapter 3

Clusters and networks

Geographical location of cosmetics and personal care products industry producers

An analysis of the location of key stakeholders in the cosmetics industry was conducted to support the setup of formal clusters. Current and potential clusters are shown in figure 7 and figure 8 respectively.

Figure 7: Location of key cosmetics and personal care products manufacturers

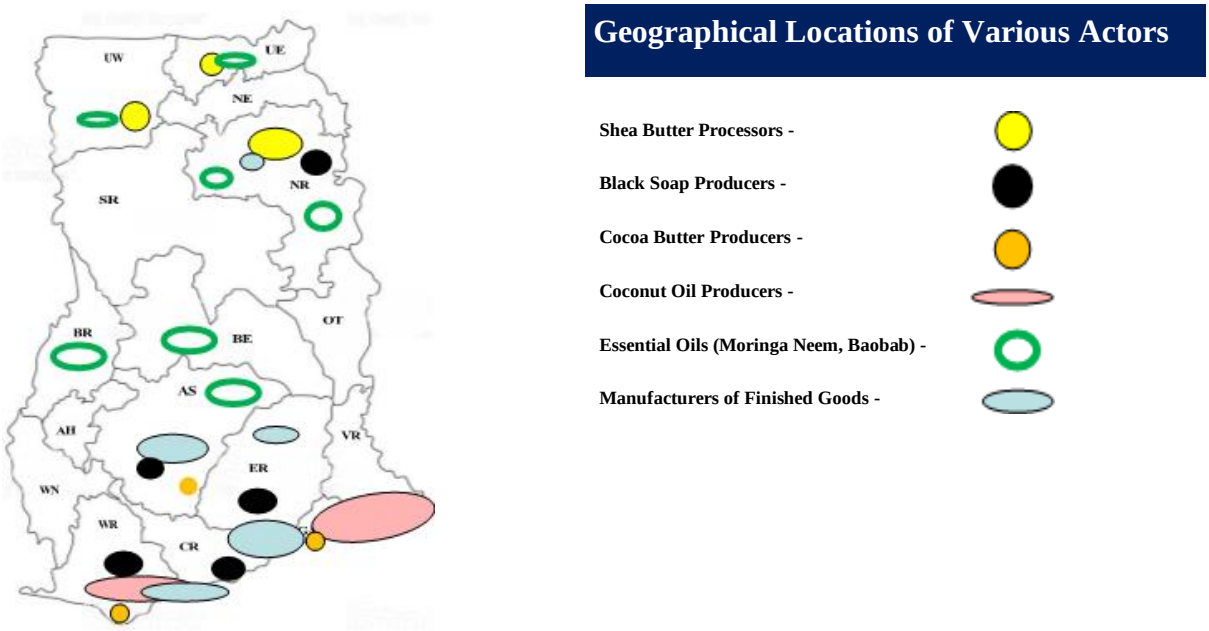


Figure 8: Potential clusters of cosmetics and personal care products manufacturers

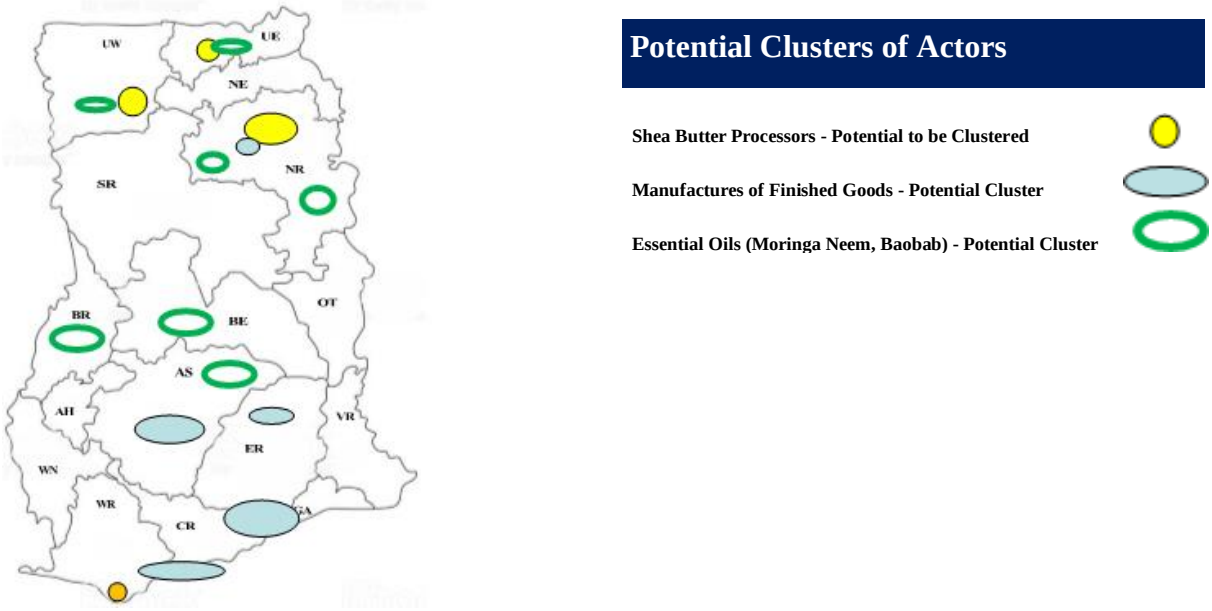


Table 5: Information on major seed oil producers

	Overview of seed oil production		
	Neem	**Baobab**	**Moringa**
Geographical location	**Approx. 300 farmers** ▪ Northern Region: 100 ▪ Upper East Region: 200	**Approx. 315 farmers** ▪ Northern Region: 210 ▪ Upper East Region: 105	**Approx. 8,000 farmers** ▪ Bono Region: 500 ▪ Bono East Region: 3,000 ▪ Ashanti Region: 100 ▪ Upper East Region: 2,000 ▪ Upper West Region: 1,200 ▪ Savanna Region: 300
Quantity produced	20mt (10mt from Bolgatanga and 10mt from Tamale)	16mt (7mt from Bolgatanga and 9mt from Tamale)	2017 (10mt) 2018 (15mt) 2019 (September, 19mt)
Countries exported to	▪ Austria (Adinkra Moringa) ▪ The United Kingdom (Lush Handmade Cosmetics) ▪ The United States of America (Buy Africa Exports and Aja Organics)		
Certifications	▪ Ecocert ▪ US FDA ▪ GSA		

Existing collaboration and potential areas for UNIDO projects

Table 6: Potential areas for UNIDO collaboration

Stakeholders	External and internal coordination	Potential leaders	Potential areas for UNIDO projects
Producers of shea butter	Shea butter processors have received capacity-building training, mainly from the following partners: ▪ District Assemblies ▪ The National Board for Small Scale Industries (NBSSI) ▪ NGOs → SNV → PRUDA → Action Aid Ghana → Technoserve → SFC → NOGCAF → SIRDA → Christian Mothers → CENWOPP → CLIP ▪ The Ministry of Food and Agriculture of Ghana	**Northern Ghana**: **SeKaf Ghana Ltd**. P.O. Box TL 2209, Tamale Nyankpala Road, Near Utrecht Football Academy Kasalgu, Tamale (Northern Region), Ghana **Mobile**: +233 (0)268-48-92-98; +233 (0)268-48-93-01 **Office**: +233 (0)372-095-708 **Email**: sales@sekafghana.com **Southern Ghana**: **Tiwajo Industries Ltd.** P.O. Box 594, Nsawam Tel: +233 244798986	Transportation of processed shea butter from shea butter producers to finished product manufacturers

Stakeholders	External and internal coordination	Potential leaders	Potential areas for UNIDO projects
	▪ United Nations Development Programme		
Producers of seed/essential oils (neem, moringa and baobab)	▪ Some collaborate with NBSSI (trained in Kaizen, a programme with the Japanese Government) ▪ Some collaborate with regulators and testers ▪ Leaders coordinate through international partners to supply export markets	**Ghana Permaculture Institute** P. O. Box TM 390 Techiman Bono East Region Ghana, West Africa **Phone**: +233 (0) 243702596; +233 (0) 504655245 **Email**: permacultureghana@gmail.com ghanapermacultureinstitute@gmail.com **Website**: https://permacultureghana.wordpress.com https://ghanapermaculturei.wix.com/permaculture	There is the potential to create formal clusters of producers in this area.
Producers of finished products (bathing soaps, shampoos, gels, skin care products, etc.)	▪ Some collaborate with testing services, e.g., SGS and Intertek ▪ Some coordinate with private and bilateral agencies to participate in local and international trade fairs	**Northern Ghana**: **SeKaf Ghana Ltd**. P.O. Box TL 2209, Tamale Nyankpala Road, Near Utrecht Football Academy Kasalgu, Tamale (Northern Region), Ghana **Mobile**: +233 (0)268-48-92-98; +233 (0)268-48-93-01 **Office**: +233 (0)372-095-708 **Email**: sales@sekafghana.com	

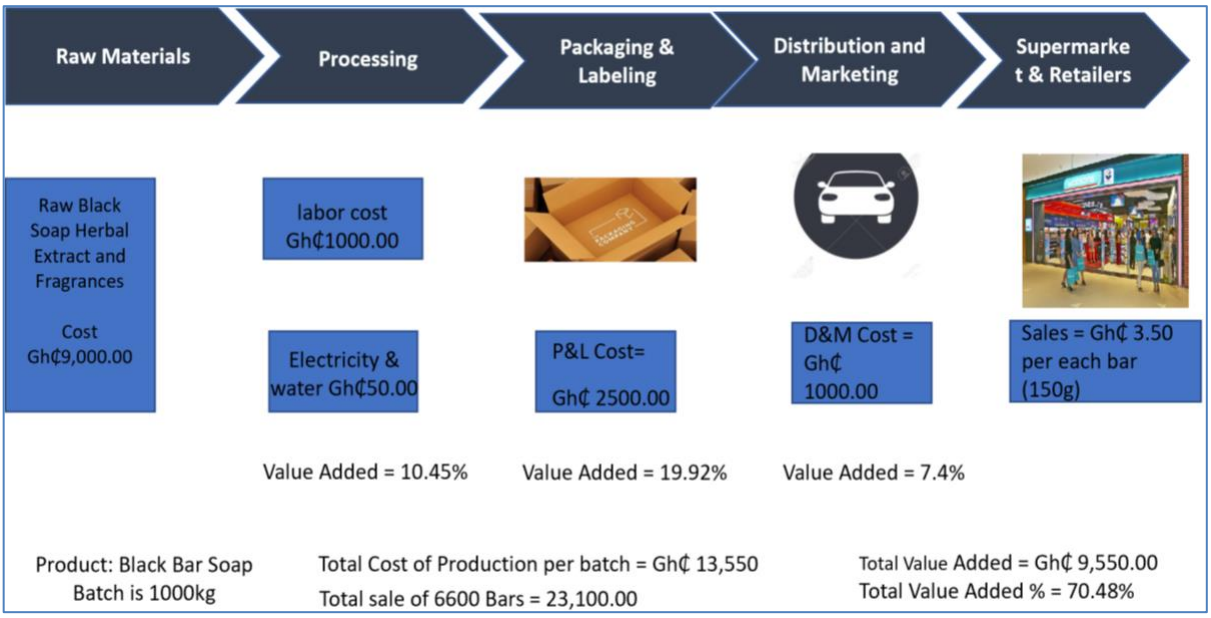
Chapter 4

Potential for innovation

Adding value to cosmetics manufacturing in Ghana

Activities within the cosmetics manufacturing chain add value to the process at each step. Value can be significantly enhanced through innovation. Figure 9 illustrates an example of value addition in the manufacture of black bar soap.

Figure 9: Value added at each stage of black bar soap manufacturing chain



Manufacturing process issues and proposed solutions

The performance and productivity of cosmetics chain stakeholders can be improved by addressing specific issues, as shown in table 7.

Table 7: Manufacturing process issues and solutions

Issues	Proposed solutions
▪ There is little variation and innovation in locally produced packaging containers. This allows for a significant amount of product imitation.	▪ Identify and support an organization that has the capacity to design, develop and produce diverse quality moulds for the local cosmetics industry
▪ The paper and plastic packaging and labelling used by local producers lack the needed quality. For example:	▪ Identify and support graphic designers and graphic design businesses with the capacity to design and produce quality

○ Poor print and finishing quality ○ Container caps do not close or fit properly	packaging and labels that suit manufacturers' needs for both local and international markets
▪ The short lifespan of ingredients (in particular shea butter) as a result of the methods used for transportation and storage. ▪ The lack of an innovation process management to develop products that can penetrate and compete on international markets (encompassing the variety of products and packaging and labelling).	▪ Construct storage facilities and acquire transportation vehicles with appropriate temperature control and ventilation mechanisms. These solutions could be implemented on communal basis. ▪ Establish a well-structured research and development unit that can develop a variety of products and appropriate packaging for international markets.
• The poor quality of manufacturing equipment used by cosmetics manufacturers (which breaks down easily and frequently)	• Increase the capacity of an established equipment manufacturer (e.g., McHammah Engineering) so that they can design and build equipment to a higher standard and to manufacturer specifications. • Encourage greater collaboration between local equipment manufacturers with the aim of enhancing industry capacity, to be led by the Ghana Regional Appropriate Technology Industrial Service and McHammah Engineering.

Chapter 5

Support institutions and schemes within the cosmetics value chain

There are several supporting institutions and schemes that have both direct and indirect impact on the cosmetics value chain. For the cosmetics value chain to be effective and efficient, it is important to raise awareness of the roles and influence of these institutions and schemes, and the support that they can provide.

Table 8: Support schemes and institutions and potential actions

Support schemes and institutions	Potential actions
▪ The Government of Ghana (Metropolitan, Municipal and District Assemblies) ▪ Association of Ghana Industries ▪ Ghana Export Promotion Authority National Board for Small Scale Industries	▪ District Assemblies support to expand local raw materials processing and production ▪ The Government expediting the setting up of the Shea Board. ▪ The Shea board would be responsible for establishing policies for management of the national Shea industry with the purpose of operating for profit. ▪ Creation and promotion of a national policy for addressing gender-related issues within the shea industry
▪ International non-government organizations and development partners (e.g., the Global Shea Alliance, SheTrades and the African Women's Entrepreneurship Program	▪ Collaboration between development partners with the aim of reducing the duplication of support to the cosmetics industry
▪ Financial institutions	▪ The provision of greater support to producer associations, rather than to individual producers
▪ Tertiary and research-based institutions	▪ Support the undertaking of regular industry research to gather information that can be used to drive industry development

Table 9: Gaps in cosmetics value-chain support

Institutions	Current support	Gaps
FDA	▪ Facility inspection and product registration ▪ Capacity building in relation to industry education and requirements	▪ Awareness of FDA activities is low among raw material producers and some manufacturers
Financial institutions	▪ Access to capital	▪ High interest rates and collateral requirements
GSA	▪ Facility inspection and product certification (certification mark use) ▪ Product analysis and release of product standards	▪ Delays in issuance of analytical test reports
Kwame Nkrumah University of Science and Technology (Biochemistry department)	▪ Testing of products and samples ▪ Human capacity building	▪ Lack of awareness of the modern laboratories structure and systems, and limited capacity to provide support to the industry

Chapter 6

Challenges and recommendations

The value-chain analysis generated lots of data. Political-economic-social-technological-environmental-legal and strength-weakness-opportunity-threat analysis (Annex V and Annex VI) tools were also employed to evaluate the cosmetics and personal care products sector.

The recommendations detailed in this chapter are based on the findings of these analyses, including the following key challenges that were identified in relation to the value chain.

Challenges

- A lack of support with regard to the implementation of good manufacturing practice and quality management systems, including quality assurance and quality control activities.
- A limited variety of locally produced primary packaging, which leads to a significant amount of product imitation.
- The poor quality of labels and primary packaging materials, which limits the ability of local products to compete on international markets.
- The poor quality of locally sourced ingredients. For example, shea butter often becomes rancid as a result of poor processing and transportation methods.
- The difficulty that local manufacturers have in accessing international markets because of the need to comply with stringent regulatory requirements.
- The delays involved in receiving product analysis results from accredited laboratories (because all analysis work is carried out either in Accra (by FDA and GSA) or outside of Ghana by other laboratories (such as Ecocert and SGS).
- The poor quality of locally manufactured process equipment and the high cost of imported equipment.
- The limited ability of cosmetics and personal care products sector associations to support capacity building and skills training for the sector.

Recommendations

- Support greater collaboration between industry and tertiary institutions that have the capacity to expand their testing capabilities. For instance, the Kwame Nkrumah University of Science and Technology, the University of Ghana, the University of Cape Coast and the University for Development Studies could expand their existing laboratories and have them accredited.

- Provide support to FDA and GSA so that they can educate manufacturers of cosmetics and personal care products with regard to adhering to production, storage and transportation standards (quality management systems and good manufacturing practices).

- Raise awareness and support training on the usefulness of the cluster approach among the various manufacturer groups.

- Support greater collaboration among stakeholders in order to create synergies and reduce duplication in the industry.

- Support the development of local firms that can produce to higher standards and capable of increasing the range of cosmetics primary packaging (paper and plastic) that meet international market expectations.

- Support greater collaboration between the industry and packaging institutions, e.g., the Institute of Packaging Ghana, in order to develop packaging technology and expand research activity in relation to the cosmetics and personal care products sector.

- Support AGI and the Ghana Cosmetic Producers Association with regard to creation of an annual cosmetics market survey.

- Provide support to the local equipment manufacturing sector so that a higher standard of cosmetics manufacturing equipment can be sourced locally.

- Foster collaboration between AGI and other relevant industry stakeholders with the aim of implementing one-stop-shop resource centers in the Northern, Middle and Southern Regions of Ghana to support the cosmetics and personal care products sector, including assistance with marketing and innovation.

- Support the development of raw material manufacturer clusters (shea butter, coconut oil, black soap, moringa oil, etc.) that will increase the availability of quality raw materials and the production of finished products that meet quality standards and can compete on international markets.

Annexes

Annex I: List of reviewed documents

The following documents provided guidance on the cosmetics and personal care products sector in Ghana, from a general overview to specific information on quality and standards:

- Pierre Failler, Berchie Asiedu and Yolaine Beyens, "Value chain analysis of the fishery sector in Ghana with focus on quality, environmental, social, sustainable, food safety, organic requirements and its compliance infrastructure" (Accra, June 2014, US/GHA/06/005)

- Lucy Whitehouse, "Eyes on Ghana: new beauty awards launched in the emerging market", Cosmetics Design – Europe, 4 August 2016

- Bogna Gudowska, "The power of quality in product management of cosmetics: the case of "halal" beauty products," *Globalization, the State and the Individual*, vol. 3, No. 15 (2017), pp. 29–39

- Centre for the Promotion of Imports from Developing Countries, "What requirements must natural ingredients for cosmetics comply with to be allowed on the European market?", 31 October 2018

- M.B. Jibreel and others, Shea butter and its processing impacts on the environment in the Tamale Metropolis of Ghana", *International Journal of Development and Sustainability*, vol. 2, No. 3 (2013)

- Ghana Standards Authority, "Guidance for applicant enquiring about product certification" (June, 2018)

- Guidelines for the advertisement of drugs, cosmetics, household (www.fdaghana.gov.gh)

- Ghana Standards Authority, "Guidelines for applicants for product certification" (5 October 2013)

- Ghana, Ministry of Finance (2019). *2019 Mid-Year Budget Statement*

- Ghana, Ministry of Finance (2019). *2019 Budget Statement & Economic Policy*

- Ghana, *Ghana Beyond Aid Charter and Strategy Document*, (April 2019)

- Cosmetics Europe, *Socio-economic Contribution of the European Cosmetics Industry*, 14 June 2016

- Food and Agriculture Organization of the United Nations, "Regional standard for unrefined Shea butter" (CXS 325R-2017)

- Esther Gyedu-Akoto, Fred Amon-Armah and Emmanuel O. K. Oddoye, "Production and marketing of cocoa butter and Shea butter-based body pomades as a small-scale business in Ghana", *Asian Journal of Business and Management*, vol. 3, No. 5 (October 2015).

Annex II: Regulatory authorities, standards and services in the cosmetics industry

a) Food and Drugs Authority (FDA) (https://fdaghana.gov.gh)

FDA is the national regulatory body responsible for the regulation of food, drugs, food supplements, herbal and homeopathic medicines, veterinary medicines, cosmetics, medical devices, household chemical substances, tobacco and tobacco products, and the conduct of clinical trials protocols. FDA was established in 1992 as the Food and Drugs Board on the basis of the 1992 Food and Drug Law.

FDA functions include:

- Ensuring adequate and effective standards for food, drugs, cosmetics, household chemicals and medical devices
- Monitoring compliance with the provisions of parts 6, 7 and 8 of the Public Health Act, 2012 (Act 851) through district assemblies and other State agencies
- Advising the Government on measures for the protection of the health of consumers
- Advising the Government on the preparation of effective regulations for the implementation of parts 6,7 and 8 of the Public Health Act, 2012 (Act 851)
- Approving the initiation and conduct of clinical trials in Ghana

FDA collaborates with international organizations, including:

- Global Alliance for Improved Nutrition
- World Health Organization
- Food and Agriculture Organization
- United States Pharmacopoeia Commission
- International Narcotics Control Board
- International Food Safety Authority Network
- United States Food and Drugs Administration
- Codex Alimentarius Commission
- United Nations Children's Fund

FDA cosmetics industry guidelines and services include:

- Advertisement of drugs, cosmetics, household chemicals and medical devices
- Guidelines for the registration of parallel imported cosmetics and household chemical substances
- Importation of cosmetics and household chemical substances
- Registration of cosmetics and household chemical substances in Ghana
- Requirements for labelling of products

b) Ghana Standards Authority (GSA) (www.gsa.gov.gh)

GSA is a Government agency responsible for developing, publishing and promoting standards in the country. These activities ensure that products, goods and services produced in Ghana, whether for local consumption or for export, are safe, reliable and of good quality.

Services include:

- Testing and inspection
- Certification
- Standards development
- Calibration and verification
- Library management and information dissemination
- Training and sensitization
- Public education and consumer protection

The Cosmetics Laboratory of the GSA undertakes chemical analysis on cosmetics and related products. The Laboratory guides cosmetics manufacturers with regard to product certification, factory inspection and audits. They use International Organization for Standardization (ISO) and National GS standards in the certification of products.

c) International Organization for Standardization (ISO) (www.iso.org)

ISO is an independent, non-governmental organization and the world's largest developer of voluntary international standards. Use of these standards helps in the creation of products and services that are safe, reliable and of good quality. The standards help businesses increase productivity while minimizing errors and waste.

GSA as the National Standard body rely on ISO standards to help develop better standards for regulation. ISO 9000 is a set of quality management standards on quality management and quality assurance that help companies maintain an efficient quality system. ISO 9001:2015 helps companies provide consistent quality of products and ensures that products and services meet customer requirements. ISO 9001 certification is suitable for all sizes and types of organizations, including those in the Ghanaian cosmetics industry, and is an invaluable quality management system standard.

d) SGS (www.sgs-ghana.com)

SGS is the world's leading inspection, verification, testing and certification company. Headquartered in Geneva, Switzerland, it has more than 97,000 employees and operates over 2,600 offices and laboratories worldwide.

SGS conducts cosmetics GMP audits and ensures compliance with relevant national standards, which vary on a country-by-country basis. SGS certification is accepted globally and allow cosmetics companies to market their products internationally.

At present, Sekaf Ghana Limited, based in Tamale and Tema, employs the services of SGS in Ghana and Germany to ensure that their products are accepted by regulators in specific countries. SGS has been present in Ghana since 1960 and operates through several entities including the following:

- SGS Ghana Limited
- SGS Laboratory Services Ghana Limited
- SGS Inspection and Testing Services Limited
- TMP Ghana Limited

e) Intertek (www.intertek.com)

Intertek helps to ensure that products meet quality, health, environmental, safety, and social accountability standards in markets around the world.

The company provides a comprehensive range of services for beauty and personal care product manufacturers to ensure quality, safety, efficacy and regulatory compliance. Partnering with Intertek can help producers to target international market development, optimize the quality and safety of their supply chains and maximize cost efficiency.

Intertek services include:

- Beauty and personal care research and development solutions
- Cosmetic safety assessment and toxicology services
- Personal care product trials, supporting claim substantiation, safety and efficacy
- Analytical cosmetics testing
- Alternative testing methods, such as in vitro, in silico and in chemico laboratory expertise
- Scientific and regulatory consulting
- Supply chain management and audit services
- ISO 22716 certification

f) Cosmetics industry regulation in the European Union

Regulation (EC) N° 1223/2009 on cosmetic products is the main regulatory framework for finished cosmetic products in the European Union. It strengthens the safety of cosmetic products and streamlines the framework for all operators in the sector.

The European Union Cosmetics Directive defines a cosmetic as "any substance or preparation intended to be placed in contact with the various external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and/or correcting body odours and/or protecting them or keeping them in good condition."

The European Union requires that cosmetic products placed on the European Union market be safe. Products "must not cause damage to human health when applied under normal or reasonably foreseeable conditions of use." Regulations are enforced at the national level and each country in the European Union has an authoritative body that is responsible for upholding compliance.

Significant aspects of the cosmetics industry regulation include:

- Strong safety requirements for cosmetics products
- The notion of a 'responsible person'
- Centralized notification of all cosmetic products sold in the European Union

g) US Food and Drug Administration (US FDA) cosmetics regulations (www.fda.gov/cosmetics/cosmetics-international-activities)

The US FDA takes an active role in international activities related to cosmetics. It works with regulatory authorities in other countries through the International Cooperation on Cosmetics Regulation body, which is an international group of cosmetics regulatory authorities from Brazil, Canada, the European Union, Japan and the United States.

Two US FDA draft guidance documents for industry, Safety of Nanomaterials in Cosmetic Products and Cosmetic Good Manufacturing Practices are examples of how the body takes international standards into account. In addition, the US FDA has published a fact sheet for importers and exporters and the Code of Federal Regulations Sections for Cosmetics Labeling (CFR Title 21, Part 701).

Annex III: Details of selected cosmetics and personal care products manufacturers

Company	Location and contact details	Activity	Size	Employees
Solutions Oasis	• Papao, Dzorwulu, Accra	Export of final products (body shea butter)	Medium	16-30 depending on the level of production
Ele Agbe	• Trade Fair, Accra • CEO: Comfort Akorfa Adjahoe-Jennings	Final product (black soap, shea body butter)	Small	10
Slid Industries	• Light Industrial Area (Ring Road), Accra (near Circle) • CFO: Paul Boakye Yiadom • COO: Mr. Sandy Osei Agyeman	Producer of hair and skin care products	Large	
FC Beauty Group	• Ring Road Accra	Processor and finished product producer (lotions, creams, acne products, anti-aging products, fragrances, hair products)	Large	
JRA Cosmetics	• Bubuashie (near Accra Academy)	Producer of finished products (black soap, shampoos, body wash)	Medium	25 permanent and 5 casuals
Tiwajo Industries Branded as Paridox	• Saperman on Nsawam Road	Producer of finished products (shower gel, black soap bar, shea bar soap, shea lotion, shea cream, shea hair pomade)	Medium	11 permanent and 4 casuals
Nature's Genesis	• Madina, Accra • Betty, Oyibi • 0541243331	Shampoo, conditioner, hair oil, hair deodorizer, shea body cream, shea soap	Small	5 permanents
Tumte Essentials-Mawuko	• Madina • 0244274050	Packaging of raw shea, skin lotions and creams, hand creams, natural soaps	Small	4
360 Degrees Natural	• Dina Akwaboah • Kumasi	Shea body butter, Soaps, cosmetics and beauty products	Small	3
Laam Enterprise	• Kumasi • 0502253500	Moisturizing shea body butter, shea cocoa butter whip, crème moisturizer, body oil, black soap shower gel, nourishing facial serum, shea lip balm, hair oil and hair growth butter	Small	4

Company	Location and contact details	Activity	Size	Employees
My Dream Cosmetics	• Roslyn Arhin • 0244283054 • Takoradi	Coconut oil, hair and scalp treatment liquid, conditioner, moisturizing shampoo. Manufacturer of coconut oil for other product manufacturers	Small	3 permanent and 2 casuals
Sekaf Industries (Tama cosmetics brand)	• Tamale • Harry Sarpong (finance) • Issaku Mimamura (quality control) • 0249465701 • www.tamacosmetics.com	Tama cosmetics brand has nine products, including: • Shea oil for body/ hair Shea butter body lotion/hand crème • Shea butter/black antibacterial soap • Yes, Raw Shea butter	Large	15 in Tamale and cooperatives in the fields. All employees have undergone GMP training
Rita Damps Ventures (produces Dampco Naturals range)	• Gumani New Road, Tamale • 0208203344	Manufacturers of the Dampco Naturals range, including raw shea butter, black soap, shea body creams, body butter and shower gel. Also supplies shea butter to other cosmetics manufacturers	Medium	13 permanent and 15 casuals
Agape Moringa Processing Center (Herbal Cosmetics brand)	• Esther • 020 3428933; 0241113968 Tamale	Processors of soap, skin and hair creams. Manufactures neem, baobab and moringa oils for other companies, including Rita Damps	Medium	7 permanent and 50 casuals
Maltiti Enterprise,	• Madam Rabi • 0242381560 • Tamale	Shea pomade, shea soap and black soap gel. Sells black soap to other manufacturers	Medium	22 permanent and 6 casuals depending on the season
Yewodze Industries	• Twifo Praso • Mr. Kwasi Duodu Amponsah • 0208158332; 0271089564	Raw black soap, natural liquid soap and processed black soap. Sells black soap to other manufacturers	Medium	11 permanent and 3 casuals

Company	Location and contact details	Activity	Size	Employees
Black Soap Manufacture	• Bawjiase • Philip Kwame Agyapong • 0244475514	Produces mainly for export and for local manufacturers of finished products (raw black soap, brown soap and finished products in tablet form)	Medium	12 permanents
Black Soap Manufacturer	• Ejisu, A/R. • GPS- AE-0083-4712 • Kwame Fenning • 0542013431	Raw black soap manufacturer and producer of white, brown and finished stamped tablet soap. Producer mainly for local sales and other manufacturers (Tiwajo)	Medium	3 permanents
Tungtelya Shea Butter Extraction Center	• Tamale • Women's Association • 0243073306 • Supported by NOGCAF • The Body Shop sponsor/import their products	Raw shea butter production (white and yellow varieties). Products are mainly exported to Body Works or other raw shea butter buyers	Medium	13
Teihisuma Shea Butter Processing Center / Nyebbu Biyoone Women Group / Awafil Product Company	• Tamale • Mr. Daniel Teviu • 024495719; 0244950827	Raw shea butter production (mainly the white variety), mainly for export	Medium	n/a
Black Soap Manufacturer	• Hajia Kenda • Bawjiasi • 0242066244	Raw black soap manufacturer, mainly for export and local manufacturers of finished products	Medium	20 permanent and 5 casuals
Black Soap Manufacturer	• Bawjiase • Nana Achere • 0244921602	Raw black soap manufacturer, mainly for export and local manufacturers of finished products	Medium	10
Bennevile Ventures	• Kumasi • Bernice Ansah • 0244047134	Producers of shea butter hair food and coconut oil wave	Small	6
Palm Kernel Oil Producer	• Bawjiasi Palm Kernel Oil	Palm Kernel oil manufacturer	Medium	n/a
GVK Investment (Ava Virgin Coconut Oil)	• Takoradi • Kojo Nunoo • Sammy Quaye	Coconut oil for food and cosmetics producers. The waste is used in soap making	Medium	65 (90 per cent women)
K. I. Ghana Limited	• Tamale • Adda (Director) • 0243655340)	Shea nut buyer and processing facility. Sells processed shea butter to final producers (e.g.	Large	

Company	Location and contact details	Activity	Size	Employees
		Olam facility in Tema) and exports		
Shea Network	• Tamale • Zakaria Iddi • 0206463114 • A network of shea industry workers and service providers	Provision of services to the shea industry • Buying of raw shea nuts • Processing of raw shea butter • Distribution of processed shea butter to manufacturers	Large	

Annex IV: Product matrix for input identification and selection

Products	Supply gap	Availability of and access to raw materials	Funding	Technical implications	Profitability/marketability
Body creams	There is demand for all categories of body creams The market is flooded with substandard (pirated, inferior and imitated) products from West African countries Only wealthier consumers can afford most of the imported products	Shea butter and cocoa butter are produced locally, and accessibility is not difficult	The capital required to start a cosmetics brand, using locally produced raw materials, is relatively small	The production process is very basic and uses basic machinery and equipment	There is a significant market for these products. The size of the market is not quantified
Bathing gels, body wash, body scrub and hand creams	Imported bathing gels are relatively expensive and not readily accessible to the average Ghanaian	The base raw material used for these locally produced products is black soap and is available on the local market Essential oils (such as locally sourced neem, baobab and moringa oils and other imported oils) are added in micro units as per each product	The amount of funding needed to begin a start-up is relatively low	The processes are quite basic and equipment requirements are minimal	There is a market for these products
Hair products (hair oils and hair foods)	Most hair products (quality and established imported brands) are not targeted at the large low-income domestic consumer group Coconut oil is a basic ingredient in hair treatment and protection	The raw material (coconut oil) is readily available on the open market Other essential oils are added in micro units	The amount of funding needed to begin a start-up is relatively low	The processes are quite basic and equipment requirements are minimal	There is a market for these products

Products	Supply gap	Availability of and access to raw materials	Funding	Technical implications	Profitability/marketability
Hair products (relaxing creams, shampoos, hair food, hair scrubs and hair)	Similar to that relating to hair oils and hair foods	The raw materials used for hair cleaning products are palm kernel oil, coconut oil, shea butter and black soap	The amount of funding needed to begin a start-up is relatively low	The processes are quite basic and equipment requirements are minimal	There is market for these products
Black soap (bars)	There are a number of black soap types on the market, but they are all synthetic activated charcoal products that are not based on natural components from burnt cocoa pods, plantain or banana peels	The raw material used for making black soap is cocoa pods, which are largely by-products from cocoa growing areas The other main ingredient is palm kernel oil	The funding required to start a black soap production facility is relatively small	The traditional processes have been handed down for several decades and have changed little. Makers usually workers people on the job	There is great demand for black soap, both as a finished product and as an intermediary product (for major cosmetic products, for products such as gels and bathing creams)
Lip balms	The market for locally produced lip balms is largely unexploited There is a clear need to promote the product in Ghana	The basic ingredient for lip balm is shea butter, which is produced locally	The funding required is relatively small	The processes are quite basic and equipment requirements are minimal	There is a market for lip balms and there is the potential to make profit

Annex V: Pestel analysis of the cosmetics industry in Ghana

Political	Environmental	Economical	Technology	Sociological	Legal
Ghana has had a stable political environment since 1992. All major areas of governance (executive, judiciary and legislature) are fully operational There are several regulatory bodies, including the Food and Drugs Authority (FDA) and the Ghana Standards Authority (GSA). The latter is the regulatory authority that supervises the activities of food and health products, including cosmetics products The scope of these authorities covers labelling, advertisement and safety monitoring in relation to cosmetics products	Ghana has lots of natural resources that are suitable for the cosmetics and personal care products industry With health awareness on the increase, a lot of the Ghanaians have come to appreciate the benefits of cosmetics from natural sources Shea butter made in the Northern Region is a popular cosmetics product used by all age groups It is believed that the allanblackia fruit contains essential oils that could be a substitute for palm nut oil in the production of soap and other cosmetics products	Ghana has a relatively free market, with an economic freedom score of 57.5 according to the 2019 Index of Economic Freedom This score is above the regional average but below the global average Cosmetics consumerism in Ghana is higher than in most other African countries, such as Kenya and South Africa In some cases, cosmetics products are considered luxury goods, while others consider them as a necessity In 2017, 74 per cent of the Ghana workforce was female. Most women use cosmetics and consider them important to career development	The manufacturing sector, including cosmetics, has witnessed significant industrialization since the 1980s. However, this process has been hampered by a recurring energy crisis Technology-based industries are located mainly in the south, while in the north, where most raw materials are grown, there are little or no major technology industries Many local producers use traditional production means in manufacturing. As such, the use of modern technology could help them increase their yields	Bleaching as a result of using fake and inferior skin care products has rekindled the demand for good quality products, especially those made from natural resources In 2018 and 2019, the FDA confiscated 41 cosmetics products that were believed to cause skin bleaching Cosmetics are popular in Ghana. This makes the country a good market for global cosmetics producers	Ghana is a signatory to all international treaties that support and promote free trade and protect local industries

Annex VI: SWOT analysis of the cosmetics industry in Ghana

Strengths	Weaknesses	Opportunities	Threats
The industry has grown in the last decade and there seems to be increased interest in and a rise in the use of shea and black soap products	Little use of laboratory analysis, especially among black soap and shea nut producers	Employment potential, including pickers and factory workers	Unavailability of raw materials, e.g., shea fruits and cocoa husks, because of changes between the dry and wet seasons
Globally, women have embraced the use of natural products, especially shea butter and coconut oil, for skin and hair care	Lack of awareness of standards among shea butter and black soap producers, in particular with regard to processing, certification and marketing	Value addition potential in relation to black soap and shea products, especially with regard to innovative new products	Felling of shea trees (deforestation)
A good number of women in the north of Ghana and the surrounding areas derive their income from the production of shea nut and shea butter	The cooking process generates a lot of smoke, which is detrimental to human health	High demand from domestic, regional and international markets	Health risks from the cooking process will reduce the amount of black soap production, which will in turn reduce finished product manufacturing and reduce export activity
Many of the businesses are start-ups that are led by individuals with passion and drive	There are many one-person businesses within the industry, which makes collaboration a challenge	The grouping of some producers (particularly those that congregate around the source of raw materials) means there is the potential for creating producer clusters	New imported cosmetics products on the Ghanaian market (e.g., products from Cote d'Ivoire and other west African countries)
	Inaccurate statistics and information and the impact on market intelligence and sector planning and projections	Collaboration between the FDA and the GSA with the aim of developing standards-and-quality-related training programmes among shea and black soap producers The development of an audit programme that can ensure that shea and black soap manufacturers adhere to quality standards	Fake or counterfeit products. Poor quality, cheap products are a threat to consumer safety and the development of the market

Annex VII: A description of product selection factors

Factors	Description
Supply gap	An estimation of market demand and an indicator of business opportunity. There must be a clear demand for a product
Funding	The amount of funds that can be mobilized. Adequate funding is needed to develop, produce, promote, sell and distribute products
Availability of and access to raw materials	Different products require different raw materials. The quality and quantity of the raw materials needed are key factors. Are raw materials available in sufficient quantities? Where are raw materials located? Are they accessible? Can they be sourced locally or do they need to be imported?
Technical implications	The choice of a product may require the acquisition or refurbishment of equipment. The product must be made well and acceptable to the consumer
Profitability/marketability	Usually the products that are selected for the market have the highest profit potential. Products must be marketable
Availability of qualified Personnel	There must be qualified personnel available to manage product manufacturing and marketing. The cost of production must be kept to the minimum by reducing waste, which can be achieved through competent management
Government policies	This is often an uncontrollable factor. The focus of Government policies can significantly influence the selection of a product. For example, the availability of incentives for locally made products can dictate the direction of a business' research and development activity and the composition of its product portfolio
Government objectives	The contribution of a product to the realization of a company's short- and long-term objectives must be considered before selection (e.g., sales growth, sales stability or the enhancement of a company's social value)

Annex VIII: Good manufacturing practices (GMP) abstract

The objective of this section is to describe the expected manufacturing and quality processes that cosmetics producers should follow to ensure high product quality. The quality of a product depends on standards relating to raw materials, production, processes, people and infrastructure.

Quality process

In order to achieve a specified standard of quality, a manufacturer should have an established quality management system. The system should be structured according to how a company works and the products it manufactures.

Manufacturers are expected to test raw materials, intermediate materials and finished products to determine their quality.

People

There should be adequate number of employees with the knowledge, experience, skill and capabilities relevant to their assigned function. They must practice good personal hygiene, should be in good health and should be capable of handling the duties assigned to them. All production personnel involved with manufacturing processes must undergo regular medical examination.

Employees who at any time show signs of an illness that may adversely affect product quality should not be allowed to handle raw materials, packaging materials, in-process materials and finished products. Staff should be instructed and encouraged to report any conditions that they consider may adversely affect products to their immediate supervisor.

Direct physical contact with products should be avoided to protect against contamination. Employees should wear clean, protective clothing appropriate to the duties that they perform. Smoking, chewing, eating and drinking are not permitted in production, laboratory, storage or other areas where products are vulnerable to contamination.

Premises

Manufacturing premises should be suitably located, designed, constructed and maintained. Effective measures should be taken to avoid any contamination from the surrounding environment, including pest infestation. For example, the production of household products containing non-hazardous materials and the production of cosmetics products can be carried out at the same premises as long as flexible barriers, such as tapes, ropes or painted lines, are used to separate activities and due care is taken to prevent cross contamination.

Walls and ceilings should be smooth and easy to maintain. Floors in processing areas should have a surface that is easy to clean and sanitize. Drains should be of adequate size, should have trapped gullies and should flow properly. Open channels should be avoided where possible,

but if required, they should be able to facilitate cleaning and disinfection. Air intakes and exhausts and associated pipework and ducting should be installed in such a way as to avoid product contamination.

Pipework, light fittings, ventilation points and other infrastructure in manufacturing areas should be installed in such a way as to avoid unclean recesses and runoffs outside of the processing areas. Buildings should be adequately lit and properly ventilated, appropriate to the operations that they house.

Manufacturers should have laboratories that are physically separated from production areas. Facilities for employee washing and well-ventilated toilets should be provided and separated from production areas to prevent product contamination. Changing rooms and appropriate facilities should be provided.

Suitable locker facilities should be provided for the storage of employees' clothing and personal belongings. Waste material should be regularly collected in suitable receptacles and removed to collection points outside of production areas. Pesticides, insecticides, fumigating agents and sanitizing materials must not contaminate equipment, raw materials, packaging materials, in-process materials or finished products.

Storage

Storage areas should have sufficient capacity to allow orderly storage of materials and products, such as raw materials, packaging materials, intermediates, bulk and finished products, quarantined products and released, rejected, returned and recalled products.

Storage areas should have suitable lighting and should be arranged and equipped to allow dry, clean and orderly placement of stored materials and products. The design should allow for the effective separation of quarantined materials and products.

Special storage conditions (e.g., secure areas and temperature- and humidity-controlled areas) should be provided, checked and monitored where required. Designated areas should be available for the storage of flammable and explosive substances, highly toxic substances, rejected and recalled materials, and returned goods. Provision should also be made for the orderly storage of labels and other printed materials.

Receiving and dispatch bays should protect materials and products from the weather. Reception areas should be designed and equipped to allow incoming materials to be cleaned before storage if necessary. Storage areas for quarantined products should be clearly demarcated and hazardous materials should be safely and securely stored.

Where possible, designated areas for raw materials should be provided to prevent contamination.

Equipment

Equipment should be designed and located to suit the manufacturing process and should not adversely affect product quality, for example, as a result of rusting, leaking valves or dripping lubricant, or because of inappropriate modifications or adaptations.

Equipment and utensils should be kept clean. The surfaces that come into contact with in-process materials should not react with or adsorb the materials being processed.

Equipment should be easily cleanable. Equipment used for flammable substances should be explosion proof. Vacuuming or wet-cleaning methods are preferable. Compressed air equipment and brushes should be used with care and avoided if possible, because they increase the risk of product contamination. Standard operating procedures must be followed for the cleaning and sanitizing of major machinery.

Installation and location of equipment

Equipment should be located to avoid congestion and should be properly identified to ensure that products do not get mixed up. Water, steam, pressure and vacuum lines, where applicable, should be installed to be easily accessible during all phases of operation. This equipment should be clearly identified.

Support systems such as heating, ventilation, air conditioning, water (e.g., potable, purified and distilled), steam, compressed air and gases (example nitrogen) systems should function as designed and be easily identifiable.

Maintenance of equipment

Weighing, measuring, testing and recording equipment should be regularly serviced and calibrated. Comprehensive maintenance records should be kept.

Sanitation and hygiene

Sanitation and hygiene standards should be maintained to help prevent contamination during processing. This activity should cover personnel, premises, equipment and production materials and containers.

Raw materials: water

Manufacturers must pay attention to water supply systems to ensure good water quality. Water systems should be sanitized according to well-established procedures. The chemical and microbiological quality of water used in production should be monitored regularly and in accordance with written procedures. Any anomalies should be followed by corrective action.

The choice of method for water treatment, such as deionization, distillation or filtration, depends on product requirements. Water storage and delivery systems should be properly maintained.

Verification of materials

All raw materials and packaging materials should be checked to ensure that they conform to stated specifications before they are released for use. The verification process should also allow for full product traceability.

Raw materials should be clearly labelled. All goods must be clean and checked for appropriate protective packing to ensure that leakage, perforation or exposure does not occur.

Rejected materials

Deliveries of raw materials that do not comply with the relevant specifications should be separated and disposed of according to standard operating procedures.

Batch numbering system

Every finished product should bear a production identification number. This enables manufacturers to trace the history of their products. Every product should carry a unique batch number and batch numbers should not be repeated. Where possible, batch numbers should be printed on the product container and its packaging. A comprehensive record of batch numbers should be maintained.

Calibration, weighing and measurement

Weighing and measurement should be carried out in the defined areas using quality calibrated equipment. All weighing and measurement should be recorded and counterchecked.

Standard Operating Procedure in processing

All raw materials used should be approved according to the relevant specifications. Manufacturing processes should be carried out according to written procedures. In-process controls should be carried out and recorded.

Bulk products should be properly labelled and approved by the quality control department. Where applicable, particular attention should be paid to the risk of cross-contamination at all stages of processing.

Dry products vs wet products

Handling of dry materials and products should be given special attention. Where possible, a dust-containing system, a central vacuum system or another suitable system should be employed.

Liquids, creams and lotions should be produced in such a way as to protect the product from microbial and other contamination.

The use of closed systems of production and transfer is recommended. Where pipelines are used for delivery of ingredients or bulk products, care should be taken to ensure that the systems are easy to clean.

Labelling and packaging

The packaging line should be regularly inspected to ensure that the equipment is clean and functional. All materials and products from previous packaging operations should have been removed before a new operation is started.

Samples should be taken and checked at random during labelling and packaging operations. Each labelling and packaging line should be clearly identified to avoid mix ups.

Excess labels and packaging materials should be returned to the designated storage area and recorded. Any rejected packaging materials should be disposed of accordingly.

Finished product: quarantine and delivery to finished stock

All finished products should be approved by the quality control department prior to release.

Annex IX: Glossary

Batch

A quantity of any cosmetics product manufactured in a given production cycle that is uniform in character and quality

Batch number

A series of numbers and/or letters or combination of both that identifies the complete history of the batch, including quality control and distribution

Bulk product

Any processed product that has to undergo packaging in order to become a finished product

Calibration

The checking of an instrument and its adjustment in order to bring it within accuracy limits according to recognized standards

Date of manufacture

The date on which a product or a batch of product is manufactured

Documentation

All written procedures, instructions and records involved in the manufacture and quality control of products

Product

Any substance or preparation intended to be used, or capable or purported or claimed to be capable of being used, in or for cleansing, improving, altering or beautifying the complexion, skin, hair or teeth

Finished product

A product that has undergone all manufacturing stages

In-process control

Checks and tests carried out in the course of the manufacture of a product, including checks and tests carried out with regard to environment and on equipment in order to ensure that the end product will comply with specifications

Intermediate product

Any processed substance or mixture of substances that has to undergo one or more stages of processing to become a bulk product

Manufacturing

The set of activities required to manufacture a finished product, from the acquisition of raw materials, production processes and quality control to packaging and distribution

Packaging

The part of the production cycle in which a bulk product becomes a finished product

Packaging material

Any material used in the packaging of a bulk product

Processing

The part of the production cycle that spans the weighing of raw materials to the creation of a bulk product

Quality control

The measures taken during manufacturing that are designed to ensure that products conform to established quality specifications

Quarantine

The separation of materials or products, physically or by system, while awaiting a decision relating to their rejection or release for processing, packaging or distribution

Raw materials

Any base ingredient used in the manufacture of a cosmetics product

Rejected materials

Materials or products that are not permitted to be used for processing, packaging or distribution

Released materials

Materials or products that are allowed to be used for processing, packaging or distribution

Returned products

Finished products that are sent back to the manufacturer

Sanitation

Hygiene control specifically relating to manufacturing premises, personnel, equipment and materials handling

Specification of materials

The description of a raw material or a finished product in terms of their chemical, physical and biological characteristics. A specification normally includes descriptive and numerical clauses stating standards and tolerated deviations

Annex X: Shea nut processing

Raw shea nut

Grinding

Kneading

Boiling or cooking

Drying

Pashau

Milled shea nut with pashau

Mixing shea butter

Shea stored to dry

Finished product packaging

Annex XI: Black soap manufacturing

Cocoa potash

Palm kernel oil

Mixing potash and oil

Smoky factory

Cooking the mixture

Drying the final product

Packaged for sale

Weighing for pressing

Pressing for individual sale and stamping

Pressed and stamped

Annex XII: Issues relating to the cosmetics industry in Ghana

Women working without safety equipment

Inefficient stoves

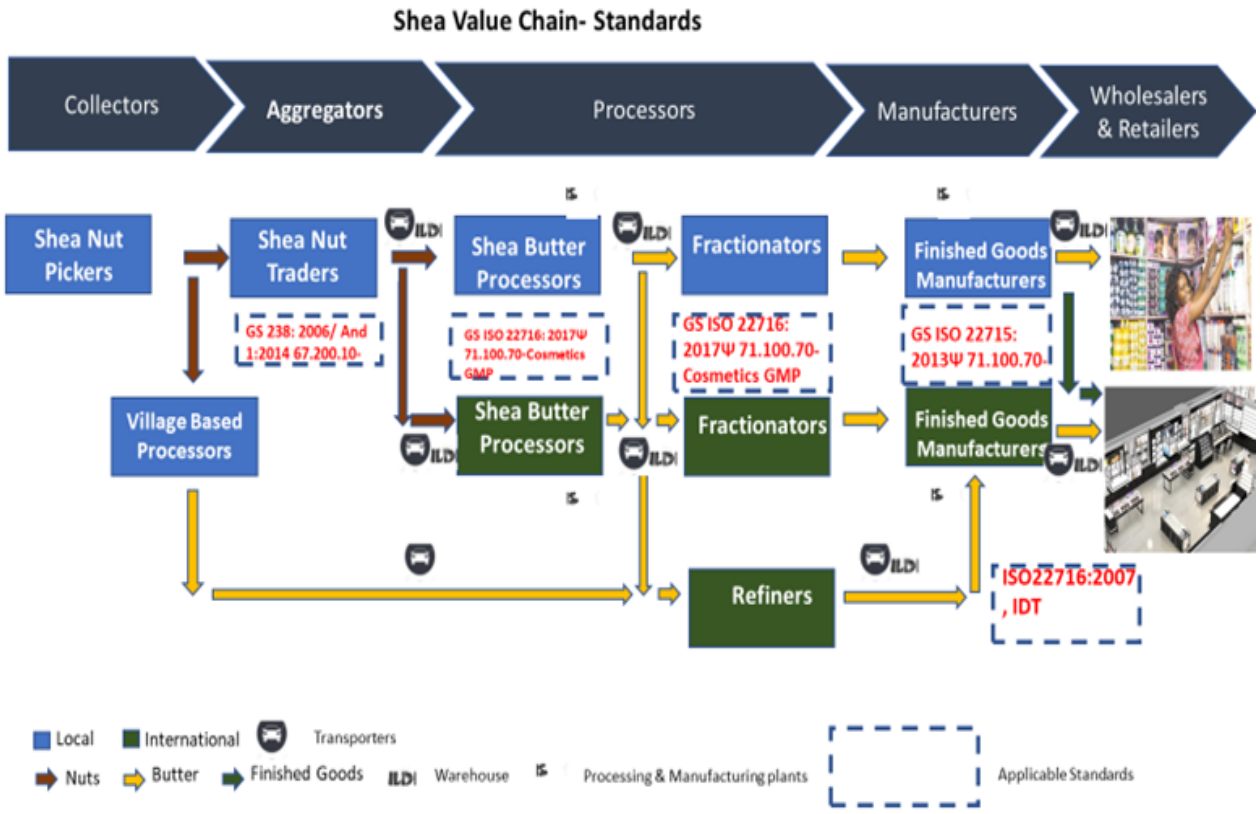
Inefficient measuring cups

Use of wood in operations

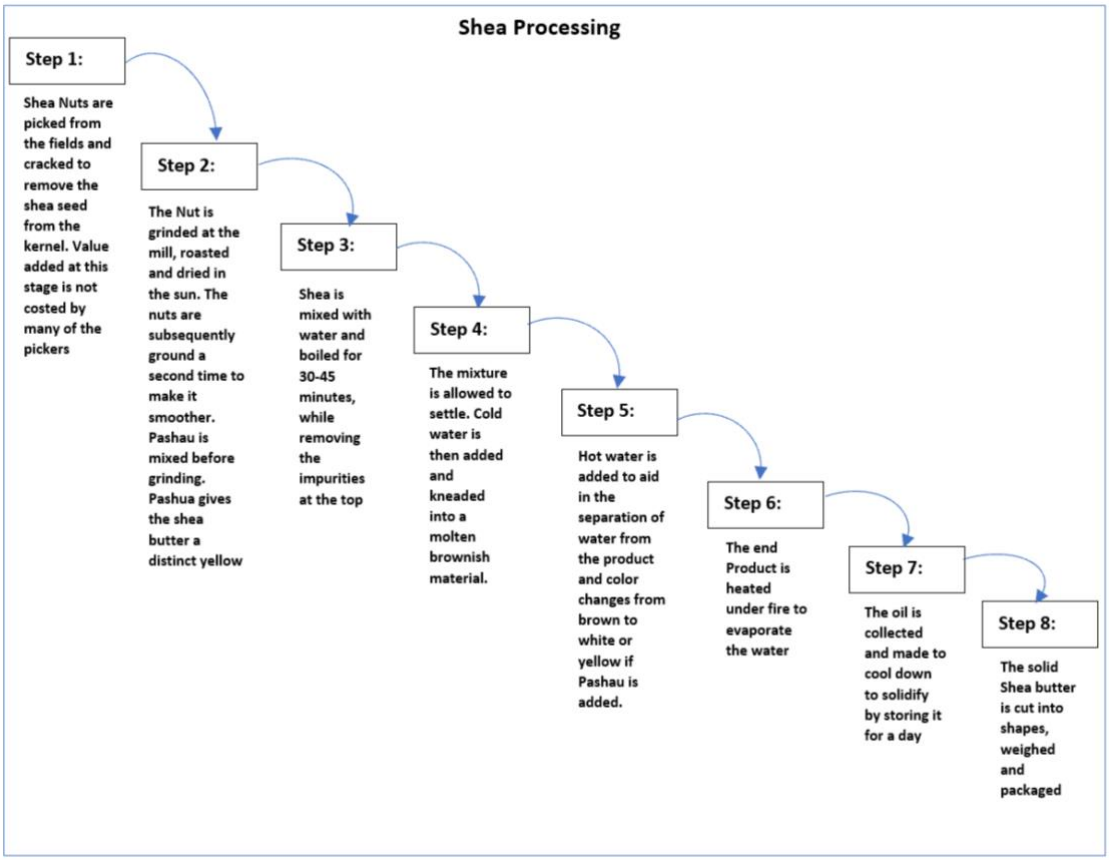
Smoke (health hazard)

Smoke (health hazard)

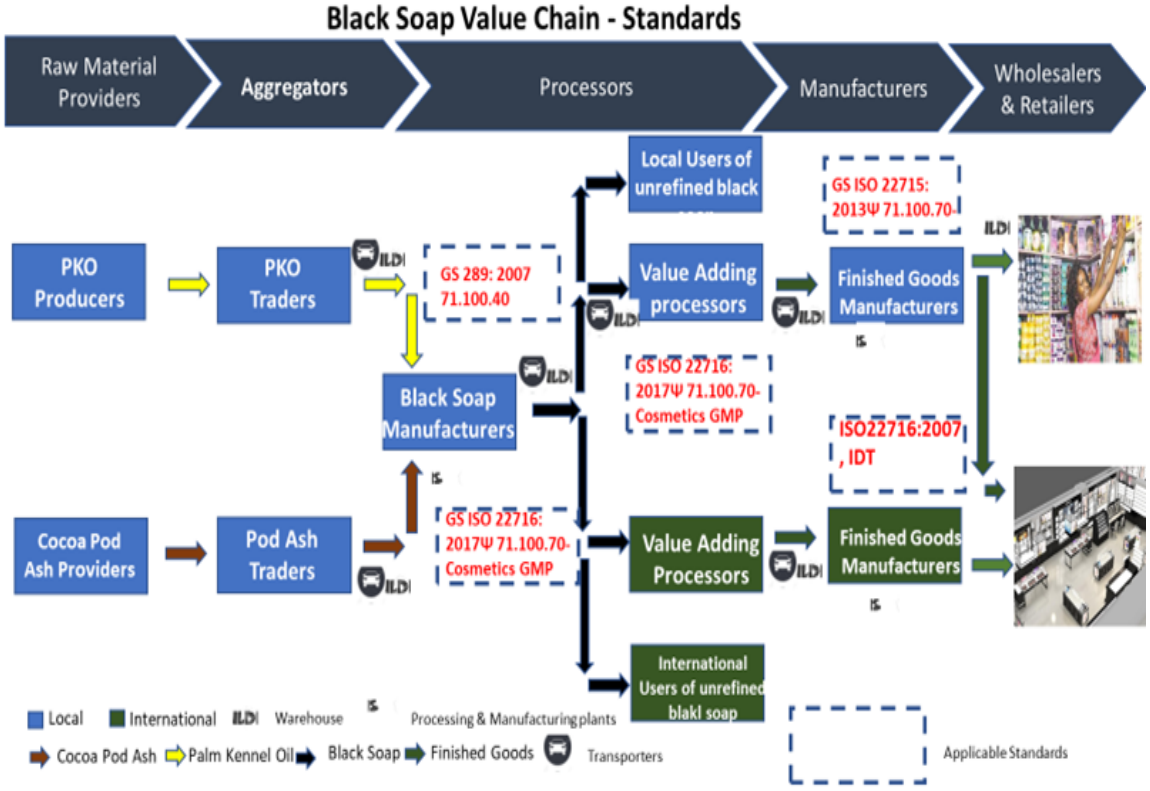
Annex XIII: Shea value chain



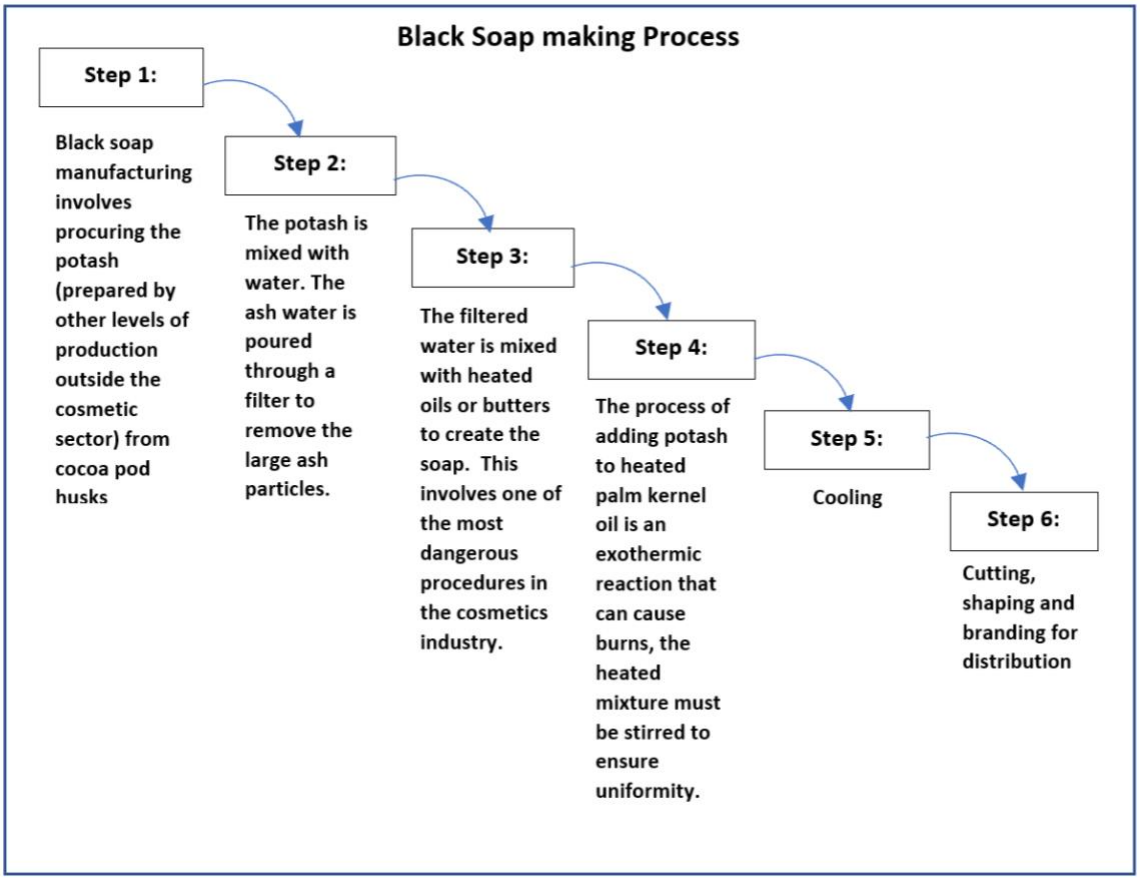
Annex XIV: Shea processing steps



Annex XV: Black soap value chain



Annex XVI: Black soap manufacturing process



Annex XVII: Social analysis of the value chain

Quality, environmental, social and sustainability compliance in the value-chain analysis

According to the United Nations Global Compact, social sustainability should be a critical part of any business because it affects the quality of a business' relationships with stakeholders. Social sustainability is a proactive way of managing and identifying business impacts on employees, workers in the value chain, customers and local communities. Social sustainability mitigates risk. Poor social sustainability is a risk to both brand and product quality.

Equity

The processing of shea butter has greatly improved the livelihoods of less privileged groups in the northern regions of Ghana, especially women. The forming of cooperative groups has proven that working in teams is more efficient and is effective at providing enough income for every household. As a result, it has helped women to have more control over their lives, socially and economically.

The disadvantage of the traditionally seasonal nature of shea nut picking and processing has been successfully turned into an advantage as workers can now work on their farms during the rainy season when production halts.

Gender equality

Almost two thirds of the businesses visited as part of the value-chain analysis (17 out of 26) were owned by women and women comprised around 80 per cent of the workforce in every company. The value chain allows for equal participation.

Social Capital

Shea nut pickers are grouped into cooperatives by processing organizations, non-government organizations and other organizations, such as SNV and the Shea Network. These groups enjoy some social capital, such as access to credits and other inputs. Processors do not belong to organizations or groups. However, they know each other and cooperate, selling raw materials among themselves.

Black soap producers are mainly located in the Central Region, but they do not have an association. Finished product manufacturers belong to associations, such as AGI, Global Shea Alliance, NBSSI and SheTrades.

Much is being done to ensure the economic sustainability of workers in the value chain, but there are still risks that need to be managed or eliminated. These include:

- Shea nut pickers get bitten by snakes and some die because of a lack of medical services.
- Shea processors and black soap producers work in dangerous environments, where heat, smoke and other conditions make work unsafe. Technologies are available to reduce these risks.

- Most shea butter and black soap industry workers are poorly educated, which limits their ability to effectively communicate and interact with local and national authorities, the private sector, producers' associations, consumers and civil society.

Environmental sustainability

- Weather patterns, such as extreme drought, can affect shea and cocoa tree growth. Shea trees grow wild on large expanses of land in the northern parts of Ghana and are frequently felled for firewood.
- Awareness raising and education by non-government organizations and local governments has reduced the rate at which shea trees are being felled for firewood.
- Black soap and shea nut processing activity consumes massive amounts of firewood, which is a threat to the national ecosystem.
- The processing of shea butter and black soap and the manufacturing of finished products do not consume much water.
- Seasonal changes in climate (from wet to dry) affects the availability of raw materials. Shea nuts and cocoa pods husk prices increase in the dry season and leading to a decline in production.
- The use of chemicals and pesticides has an impact on the production of shea butter products, with particular reference to the testing required for products for export.
- Insecticide spraying by the Malaria Control Programme and the Ministry of Agriculture of Ghana negatively affects production because products have to be analyzed and certified by the SGS laboratory in Germany, which raises costs and slows market access.
- Shea butter and black soap producers work in extremely harsh conditions. The boiling and cooking processes generates heat and smoke that engulf facilities in harmful smoke.
- Shea processors and black soap producers have a significant carbon footprint. The processing of the initial inputs involves the use of firewood in stoves. Trees are chopped for this purpose and this is not a sustainable approach.
- Smoke produced during the burning of cocoa pods and the production of shea butter and black soap negatively impacts the environment.

Production, processing, transport and retail

- Shea and black soap producers consistently express a desire to improve production capacity and standards in order to better target international markets.
- Shea and black soap producers are unable to improve production capacity and standards, in order to better target international markets, because of the challenges they face with regard to preparing the relevant documentation and certification.
- Shea and black soap producers require training and guidance in production capacity and standards in order to better target international markets (for example, Solutions Oasis need help with product certification for the Saudi Arabian market).

Annex XVIII: Description of value-chain analysis levels of operation

Value chain operation level	Description of stakeholders	Description of value chain process/activity
Manufacturers of first-line inputs	Shea butter producers, many of which operate out of makeshift factories, are a mix of bulk material suppliers and finished products. Black soap producers, mostly in Bawjiase, are predominately one-person businesses.	At this level, shea butter producers grind and knead shea nuts, cook them and leave them to dry and harden. This product is either sold in this form or turned into finished products Black soap producers carry out a similar process, mixing cocoa husk potash with palm kennel oil by boiling them together. This substance is dried and packaged for sale or sold to intermediaries or finished product manufacturers
Intermediaries	Aggregators that buy products in order to sell them to finished product manufacturers	Intermediaries act as aggregators and buy shea butter or black soap in bulk in order to resell them to finished product manufacturers
Finished product manufacturers	Finished product manufacturers add value to black soap and shea butter in order to create cosmetics and personal care products	Oils and fragrances are added by final product manufacturers (including coconut oil, moringa oil, baobab oil, neem oil, shea oil and sunflower oil)
Sales and marketing	These businesses serve as the distribution network of final product manufacturers	These businesses, positioned at the end of the value chain, ensure that products end up in local shops and on international markets
Transporters	These businesses provide transportation services	These businesses perform an important service, transporting raw materials to processing centers. This is mainly done in small minivans. These businesses also help to distribute finished products to the market. JRA Ltd. uses 12 minivans to carry products to distribution centers. Government-owned transport firms such as Metro Mass Transit and State Transport Company are other transportation service providers.
Retailers and distributors	These businesses play an important role in marketing and sales activity	Most retailers and distributors are also wholesalers

Annex XIX: Key issues relating to the cosmetics industry value chain in Ghana

Activity	Issues	Geographical locations
Processing of shea nuts to shea butter only	▪ Health hazards in the production process (smoke and heat) ▪ A lack of mechanized equipment (kneaders, millers, crushers and roasters) ▪ Lack of calibrated measuring containers to ensure consistency and quality ▪ Inadequate storage facilities for raw materials and finished products ▪ A lack of awareness of available sources of finance ▪ A lack of awareness of the shea butter code of production	Northern Region
Processing shea butter and manufacturing finished products	▪ A lack of modern cooking stoves for the production of shea butter ▪ Inadequate mechanized equipment (particularly kneading machinery) ▪ Difficult access to finance for the expansion of production facilities ▪ A lack of calibrated measuring containers to ensure consistency and quality ▪ Inadequate storage facilities for raw materials and finished products ▪ A lack of marketing, sales and related services required to better target international markets	Northern Region
Production of black soap only	▪ Health hazards in the production process (smoke and heat) ▪ Lack of calibrated measuring containers to ensure consistency and quality	Middle Belt (Ahafo, Ashanti, Bono East, Central, Eastern, Bono, Western North and Western Regions)
Manufacture of black soap and finished products	▪ Health hazards in the production process (smoke and heat) ▪ Lack of calibrated measuring containers to ensure consistency and quality ▪ Inadequate storage facilities for raw materials and finished products ▪ Difficult access to finance facilities for the expansion of raw material procurement and production facilities ▪ Lack of the marketing, sales and related services required to better target international markets ▪ Lack of information on certification requirements	Forested Middle Belt of Ghana (Ashanti, Eastern, Bono, Bono East, Ahafo, Western North, Western and Central regions)
Production of coconut oil only	▪ Lack of the marketing, sales and related services required to better target international markets ▪ Lack of training on processing ▪ Lack of awareness of certification requirements	Western Region (Takoradi)
Manufacture of coconut oil and finished products	▪ Difficult access to credit facilities and the finance required to fund the expansion of raw material procurement and production ▪ High registration fees at FDA and GSA	Western Region (Takoradi)

Activity	Issues	Geographical locations
	▪ Lack of the marketing, sales and related services required to better target international markets ▪ Lack of training on processing ▪ Lack of awareness of certification requirements ▪ Low quality of packaging for local and international markets	
Manufacture of finished products	▪ Difficult access to credit facilities and the finance required to fund company-wide growth ▪ Lack of the marketing, sales and related services required to better target international markets ▪ Lack of awareness of certification requirements ▪ Lack of logistics-based capacity (e.g., warehousing) ▪ Limited access to transportation services for the exporting of products ▪ Lack of access to quality packaging resources ▪ Lack of support with regard to sourcing and acquiring modern manufacturing equipment and other related items ▪ Disruptions to the electricity supply ▪ Lack of business insurance coverage ▪ High taxation	Greater and Ashanti Regions

Annex XX: Analysis of shea producers and black soap producers

Shea products			
	Shea nut picking	**Processing of shea nuts into shea butter**	**Processing of shea butter into other products**
Cooperation and collaborations (internal)	▪ Pickers currently belong to an association and are located in a single geographical area ▪ There is the potential to create formal clusters and enhance nut quality	▪ The majority of the processors are located in one geographical area (northern Ghana) ▪ There seems to be little or no formalized cooperation among the various stakeholders	▪ Most processors belong to associations, such as GOPA and AGI, through which they receive support ▪ Processors also collaborate with testing service providers, such as Intertek and SGS
Links (horizontal, vertical, backward and forward)	▪ Pickers have direct links with processors of raw shea ▪ Pickers also have direct links with exporters of raw shea nuts	▪ The direct backward links that processors have with pickers ensures the availability of quality nuts ▪ Processors have direct links with firewood suppliers ▪ Processors have forward links with buyers of finished butter, on both the local and international markets ▪ Waste products from butter processing is used by GRIDCo when installing poles to reduce termite infestation	▪ Processors have direct backward links with producers of processed shea butter ▪ Processors have forward links with exporters, distributors, wholesalers and retailers ▪ Processors have vertical links in the form of contract manufacturing agreements with local and international clients
Collaboration with local and international partners (external)	▪ The people that manage pickers collaborate with local and international buyers of raw shea ▪ They collaborate with the Shea Network, the Global Shea Alliance and other organizations	▪ Processors have local and international partners (e.g., the Shea Network and the Global Shea Alliance) ▪ They have links with GEPA (although few are members)	▪ Processors work with testing service providers, such as Intertek and SGS ▪ Processors attend international trade fairs to showcase products made in Ghana

Black soap products				
	Production of palm kernel oil	**Production of cocoa pod ash (potash)**	**Production of black soap**	**Processing of black soap into other finished products**
Cooperation and collaboration	▪ Artisanal palm kernel oil producers seem to be engaged in little or no cooperation and are not focused in any particular location	▪ An unregulated subsector exists with producers highly concentrated in cocoa growing areas	▪ Black soap manufactures operate in groups but do not seem to be engaged in formal cooperation	▪ Most processors belong to associations, such as AGI and GEPA, where they can receive support
Links (horizontal, vertical, backward and forward)	▪ Producers have strong links with local markets with regard to the supply of black soap products	▪ Producers have direct links with black soap makers	▪ Black soap makers have direct links with both local and international buyers ▪ Makers also have links with palm kernel oil and potash producers ▪ Makers have direct links with firewood suppliers	▪ Processors have direct backward links with palm kernel oil and potash producers ▪ Processors have forward links with exporters, distributors, wholesalers and retailers ▪ Processors have vertical links in the form of contract manufacturing agreements with local and international clients
Collaboration with local and international partners			▪ Makers require the marketing support services that are need to target export markets ▪ pH testing is carried out in line with FDA and GSA certified processes	▪ Processors work with testing service providers, such as Intertek and SGS ▪ Processors attend international trade fairs to showcase products made in Ghana

Black soap products				
	Production of palm kernel oil	**Production of cocoa pod ash (potash)**	**Production of black soap**	**Processing of black soap into other finished products**
			▪ Some producers are willing to undertake joint activities if they receive the required assistance	

Annex XXI: Marketing: local, regional and international

Company	Export market	Export share (in relation to total production)	Type of products exported	Mode of export	Participation in GEPA activities
Natures Genesis	The UK and other European countries	10 per cent	Finished products	Friends and relatives	No, but willing to participate
Sekaf Industries	Europe and the USA	60 per cent (including 50 tons of black soap)	Raw shea butter and finished products	Sekaf Industries operations	Yes
Tiwajo Ltd	Dubai, Egypt, Liberia, Nigeria, Saudi Arabia, the UK and the USA	20 per cent	Finished products and raw shea butter	Sold mainly by clients who rebrand their products	Yes
Yewodze Industries	Angola, Canada, Germany, Nigeria, South Africa, Togo and the USA	50 per cent	Black soap products	Mainly by third-parties	No
Black soap producers in the Central and Ashanti Regions	Canada, Germany, Nigeria, Togo and the USA	70 per cent of raw black soap and 30 per cent black soap products	Black soap	By buyers that rebrand their products	No
Tungtelya and Teihisuma Shea Butter Processing	Saudi Arabia and the USA	90 per cent	Raw shea butter	Through associations	Possibly
Rita Damps Ventures	Europe and the USA	40 per cent	Raw shea butter and shea butter products		No, but willing to participate
K. I. Ghana Shea Nut Buying and Consolidation Facility	Globally, including Europe and the USA	100 per cent	Raw shea nut and butter		Yes
Maltiti Enterprise	Canada, Germany, Nigeria, Togo and the USA	50 per cent	Finished products	Exported by clients	No but willing to participate

Annex XXII: Intervention and recommendations matrix

Issues and constraints	Interventions	Recommended actions	Responsible partners	Expected outcome(s)
1: Intervention with regard to shea butter processing				
Quality of raw shea nuts at the first stage of the value-chain analysis	Improve ripe-fruit picking methods to reduce the frequency of snake bites	Promote the use of shea picking equipment through education	Managers of cooperatives and NGOs	Reduction of morbidity and mortality rates among pickers (mostly women)
		Identify local metal manufacturers that can design and mass produce equipment		Shea nuts are more widely available and cheaper
	Improve the process relating to the de-pulping, boiling, drying and de-husking of nuts	Improve training and supervision standards at each stage of this process	Managers of shea buying firms and NGOs	Improved quality of dry shea nuts
	Explore the potential for establishing formal clusters and promoting cooperation among businesses	Identify a leading agency within the sector to coordinate clustering and cooperation strategies	NGOs and other private bodies	Greater collaboration and efficiency
Seasonality of shea nuts	Improve the storage of dried shea nuts	Improve the storage facilities with standardized staking pallets that meet international standards	Managers of shea buying firms and NGOs The Government of Ghana, through District and Municipal Assembles (using public-private partnership arrangements)	The availability of quality shea nuts all year round to meet market demand
		Provide moisture-testing equipment to measure and regulate the moisture content of stored shea nuts		
	Availability of locally produced	The establishment of		Available storage

Issues and constraints	Interventions	Recommended actions	Responsible partners	Expected outcome(s)
	jute sacks for the storage of dried shea nuts	a jute factory (by the Government or through a public-private-partnership arrangement) on a build-operate-and-transfer basis		materials at affordable prices
Processing of raw shea nuts into butter using traditional methods	Improve methods and machinery for the processing of shea nuts into butter and oil	Provide improved cooking stoves to reduce smoke and increase safety and efficiency	Managers of shea buying firms and NGOs	Reduced risks to health associated with smoke and direct heat
	Explore the potential for establishing formal clusters and promoting cooperation among key businesses	Identify a leading agency within the sector to coordinate clustering and cooperation strategies	NGOs and other private bodies	Greater collaboration and efficiency
	Increase the amount of raw shea nuts processed locally	Establish guidelines on the export of shea products	The Government of Ghana	Increased income generation at the local production level Greater value added to shea exports from Ghana
Lack of a regulatory framework for the shea industry	Set up a regulatory authority to establish standards and ensure adherence to these standards	Expedite the setting up of a shea industry regulatory authority	The Government of Ghana	Improved regulatory framework that guides entire shea industry
	Improve the storage and packaging of processed shea butter			

Issues and constraints	Interventions	Recommended actions	Responsible partners	Expected outcome(s)
	Improve the marketing of processed shea butter (both locally and internationally)			
	Create an environment in which producers can sell processed shea butter at competitive prices			
Scattered nature of shea processors	Promote the clustering of shea processing firms	Create shea processing industrial parks and hubs.		Shea processors benefit from improved storage facilities and transportation arrangements
Shea nuts and butter processors leverage collaboration domestic regulators and international regulators and agencies	Establish stronger links between processors, domestic regulators and international regulators and agencies	Provide support to producers so that they can adhere to international standards and obtain the relevant certifications	AGI and local manufacturers	Better access to international markets and increased export activity
2: Intervention with regard to the black soap making process				
Quality of raw materials used to make black soap	Regulate the quality of the processing of cocoa pods (potash)	Provide training and supervision on the process used to turn cocoa pods into potash to reduce impurities	Cocoa pod husk gatherers and processors	Improved cocoa potash production
	Improve palm kernel oil production	Provide training and supervision of the process used to make palm kernel oil to reduce impurities	Palm kernel oil producers	High quality palm kernel oil

Issues and constraints	Interventions	Recommended actions	Responsible partners	Expected outcome(s)
	Create palm kernel oil producer clusters	Promote the creation of palm kernel oil producer clusters and associations	NGOs	Palm kernel oil producers benefit from bespoke facilities
	Explore the potential for creating clusters of raw material producers that supply the local market	Identify a lead agency to coordinate the clustering process	NGOs and private bodies	Greater collaboration within the sector
Black soap quality	Provide modern equipment to better measure the quantities of ingredients (potash and oil) used during black soap production	Provide calibrated buckets, containers and weighing scales to measure ingredients	Black soap producers	Standardized measurements and heating procedures used in black soap production
	Provide guidance with regard to the cooking of potash and oil mixture that is a key part of black soap production	Provide training on the length of time and appropriate temperature required at each stage of cooking		
	Address poor working conditions at black soap production facilities	Improve wood cooking stoves		
		Provide raised platforms for the drying of cooked soap to better protect against contamination	Black soap producers and NGOs	Reduced contamination of prepared black soap
	Work with black soap manufacturers to strengthen cooperation and collaboration	Identify an NGO or private sector body to lead the process	NGOs or private sector body	Improved relationships between manufacturers
	Address limited access to international markets and	Provide support to producers so that they can adhere to national and	AGI and manufacturers	Better access to international markets and increased

Issues and constraints	Interventions	Recommended actions	Responsible partners	Expected outcome(s)
	increase export activity	international standards and obtain the relevant certifications		export activity
3: Interventions with regard to manufacturers of local cosmetics and personal care products				
Machinery and equipment	Manufacturers need access to credit to purchase filling, capping and labelling machines	There is the need for a service from which producers can get advice on machines	An industry association, NGOs and other partners	Greater production of finished products for local and international markets
Packaging	There is a need for better packaging materials and processes	Improve packaging quality and variety	An industry association, NGOs and other partners	Improved packaging of products
Compliance with standards and obtaining of certification	Not all manufacturers work with the FDA and GSA to ensure quality product	Improve education with regard to standards and reduce the cost of certification	FDA and GSA	Reduction in the cost of certification
Access to funding	Funding is a major issue for manufacturers that require new facilities or machines to increase production	Provision of credit facilities	An industry association, NGOs and other partners	Increase in production and foreign exchange
Marketing of products (especially on international markets)	Training and service provision is required to help manufacturers prepare documentation for international certification	An association or a service office should be set up to provide support to cosmetics manufacturers	An industry association, NGOs and other partners	Increase in foreign exchange
Collaboration between manufacturers and national and international regulators	Manufacturers need to be more aware of regulators and their standards	Provision of a support desk to help manufacturers obtain certifications	AGI	Improved access to international markets

Issues and constraints	Interventions	Recommended actions	Responsible partners	Expected outcome(s)
4: Interventions with regard to secondary stakeholders (regulators, transporters and wholesalers)				
Regulators	More support for the cosmetics and personal care products industry is needed from the FDA and GSA.	Increased interaction between manufacturers and regulators, and more training for the industry	AGI, FDA and GSA	Increased awareness of safety and quality issues
Transporters	Most transport businesses are independent of the cosmetics sector	None	None	None
Wholesalers	Education is needed on how to sell locally made products	Education by the industry	An industry Association	Increased sales of locally made products

This report was produced with the finical support of the European Union. Its contents are the sole responsibility of the author and do not necessarily reflect the views of the European Union.

The opinions figures and estimate set are the responsibility of the AGI – Association of Ghanaian Industries and should not necessarily be considered as reflecting the views or carrying the endorsement of UNIDO.

Funded by the European Union

Ministry of Trade and Industry
Republic of Ghana

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Disclaimer:

This work was implemented by UNIDO as part of the West Africa Competitiveness Programme (WACOMP). The West Africa Competitiveness Programme (WACOMP) is financed under the 11th European Development Funds (EDF). The views expressed herein are not to be taken to reflect the official position of EU or ECOWAS. The West Africa Competitiveness Programme aims to support a number of selected value chains at national and regional level to promote structural transformation and better access to regional and international markets, while taking into account social and environmental concerns. The WACOMP consists of one regional component and sixteen national components (15 ECOWAS Member States and Mauritania)

www.wacomp.ecowas.int

3rd Norla Sreet.
North Labone, Accra
Ghana.

UNIDO Trade, Investment and Innovation (TII) department
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Website: https://wacompghana.org
E-mail: wacomp.ghana@unido.org

Follow us on:

Twitter: @WACOMPGhana
Facebook:@WACOMPGhana
LinkedIn: @West Africa Competitiveness Programme (WACOMP)-Ghana
Instagram: @wacomp_ghana

WACOMP
West Africa Competitiveness Programme | Ghana