

Gender, Value Chains and MSMEs in Africa: Exploring Primary Survey Data for the Cosmetics & Personal Care Sector

John Stuart



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ABSTRACT

This Trade Report explores the nature of the cosmetics & personal care sector in Africa specifically from the perspective of medium, small and micro enterprises (MSMEs), utilising a new set of primary field survey-collected data. This is done by firstly considering the background relating to value chains at the global and regional chains in general, the current, post Covid-19 context and importance in terms of the AfCFTA process. Thereafter the paper directly explores the data by profiling its dimensions and then analysing patterns of enterprise female ownership, trade relationships and trade direction, as well as patterns of self-reported value chain 'position' in terms of the most important dimensions in the data.

Keywords: Value chains, Cosmetics & Personal Care, MSMEs, Data analysis

About the Author

JOHN STUART is an economist and policy analyst with special interests in trade, economic integration, technology & ICT and economic modelling. He has researched and written extensively for tralac and also consulted to various organisations including the UN Economic Commission for Africa and the OECD. He holds an M. Com degree in Economics from the University of Natal (Durban). He currently serves as a tralac Associate.

Gender, Value Chains and MSMEs in Africa: Exploring Primary Survey Data for the Cosmetics & Personal Care Sector

By John Stuart¹

Introduction

The cosmetics and personal care products value chain in Africa is an emerging and rapidly growing sector, reflecting the increasing demand from a burgeoning middle class and a growing awareness of personal grooming and well-being. This value chain comprises various stages, including raw material sourcing, product development, manufacturing, distribution, and retail.

Regional Value Chains (RVCs), as seen in Africa and South-East Asia, are a localised form of Global Value Chains (GVCs), where countries within a specific region collaborate in creating a final product through value addition at various stages. In Africa, the participation in value chains is predominantly 'forward', focusing on exporting raw materials for processing elsewhere, which leads to a loss of potential economic benefits like growth and diversification. To shift from merely exporting raw materials to adding more value, it is crucial to identify the potential of specific sectors or industries, leveraging resources, labour, capital, and infrastructure. This involves not only developing underutilised RVCs but also designing policy to create new horizontal value chain connections, while not neglecting the needs of the MSME and female-owned contingents of the industries.

¹ I am grateful to Trudi Hartzenberg for valuable feedback on an earlier draft.

This trade report is one of four exploring the same theme, focusing respectively on the broad agricultural/agro-processing sector, the clothing, textile and leather sector, the pharmaceutical sector and the cosmetics & personal care sector. These papers consequently share certain identical narrative content.

I would like to thank the Enterprise Analysis Unit of the Development Economics Global Indicators Department of the World Bank Group for making their data available.

This paper explores the nature of the cosmetics & personal care sector in Africa specifically from the perspective of medium, small and micro enterprises (MSMEs), utilising a new set of primary field survey-collected data. This is done by firstly considering the background relating to value chains at the global and regional chains in general, the current, post Covid-19 context and importance in terms of the AfCFTA process. Thereafter the paper directly explores the data by profiling its dimensions and then analysing patterns of enterprise female ownership, trade relationships and trade direction, as well as patterns of self-reported value chain 'position' in terms of the most important dimensions in the data: inter-sectoral comparison, female ownership, entity size and REC membership.

Global and regional value chains for African development: potential, current context, AfCFTA context and gender considerations

The potential of global and regional value chains for development

Global and regional value chains (GVCs and RVCs) offer significant benefits to developing countries, primarily in fostering economic growth, diversification, and industrial development. Participation in these chains can lead to technology transfer, as companies from developed countries often bring advanced technologies and management practices to their operations in developing countries. This, in turn, can improve the productivity and competitiveness of local firms (Taglioni and Winkler 2016).

Additionally, integration into GVCs and RVCs can provide access to international markets, allowing developing countries to benefit from economies of scale and to specialise in specific stages of production where they have a comparative advantage (World Bank 2020a). This specialisation can lead to an increase in value-added activities and, consequently, higher income levels.

Furthermore, GVCs can stimulate job creation and skill development, as local workers gain experience in various aspects of production and international business practices (UNCTAD 2013). Moreover, RVCs, specifically, play a crucial role in promoting regional integration and cooperation, which can be pivotal for smaller economies in accessing larger markets and negotiating trade agreements (African Development Bank Group 2014). However, it is important to note that the benefits of GVCs and RVCs are not automatic and depend on the ability of a country to effectively engage and upgrade within these chains.

Threats to GVC development in a post Covid-19 world: de-globalisation

In the post-COVID-19 landscape, Global Value Chains (GVCs) are facing significant disruptions and transformations. One of the primary threats is the rising trend of 'de-globalisation', characterised by a shift towards more protectionist trade policies by several countries. This shift challenges the traditional model of GVCs, which relies on the free flow of goods and services across borders (Baldwin & Evenett 2020). Additionally, there's a growing inclination towards 're-shoring' and 'near-shoring', as companies aim to reduce their dependency on distant suppliers and minimise supply chain vulnerabilities exposed by the pandemic. This involves bringing production processes back to the home country (re-shoring) or moving them to geographically closer countries (near-shoring), thereby shortening and simplifying supply chains (UNCTAD 2021b).

Another emerging concept is 'friend-shoring', which entails relocating supply chains to politically stable and friendly countries to mitigate risks associated with geopolitical tensions (Financial Times 2022). These trends collectively signify a move away from the highly integrated, cost-driven GVCs of the past, towards more regionally focused, resilient, and politically stable supply chain structures. While this shift could lead to greater supply chain resilience, it also poses challenges in terms of potentially higher costs and reduced efficiency due to the loss of scale and specialisation benefits that traditional GVCs offer (World Economic Forum 2021).

The African context: the AfCFTA as a framework for African industrialisation

The AfCFTA sets the stage for promoting and expanding regional value chain (RVC) development. As Africa is on the brink of embracing free trade and heightened economic integration in various areas, there is a need to focus on enhancing and deepening value chain trade among member states. These efforts could address several key issues (Stuart 2023a):

1. Counteracting Africa's deindustrialisation, characterised by a steadily declining share of manufacturing value-added in total value-added. Over the last thirty years, African economies have increasingly relied on primary and services production, hindering their ability to enhance their industrial activities. RVCs allow for a level of specialisation that individual countries might find challenging to achieve alone, as evidenced by the industrialisation of South East Asian countries in the last century. While that model of industrialisation has become more challenging, the approach through RVCs remains viable for African countries.

2. Minimal intra-African trade, which currently stands at about 14% of Africa's total trade (ITC Trade Map 2022). Despite being integral parts of global value chains, primarily as forward-linked primary producers, African countries have limited integration among themselves. Several factors contribute to this, including the low complementarity of African economies. Nevertheless, intra-African trade liberalisation under the AfCFTA, geographical closeness, active industrial and trade policies, and public-private cooperation could alter these dynamics. Value chain relationships, which are robust in economically similar regions like Europe and South East Asia, hold similar potential for African economies.

Furthermore, the involvement of the private sector, particularly the engagement of larger firms, is essential. This is because the most effective value chain configurations often involve cross-border, intra-firm value transfers (UNCTAD 2015).

3. Gender disparities in business ownership and leadership within African economies. By analyzing sector-specific variations, policies can target industries where training and capacity building for female entrepreneurs and workers can help increase their participation and compensation. Concurrently with the promotion of high-potential value chains, female enterprise participation and ownership can be enhanced (see Stuart 2022).

The final point above is expanded on in the next sub-section.

The potential of RVCs for women entrepreneurs

Participation in Regional Value Chains (RVCs) can offer significant benefits to female-owned and managed businesses in developed countries, particularly in terms of enhanced market access, increased competitiveness, and opportunities for business growth. Engaging in RVCs enables these businesses to tap into new markets within their region, which can be less daunting and more accessible compared to global markets, due to geographic proximity, shared cultural and regulatory environments, and existing regional trade agreements (European Commission 2020). This access can lead to increased sales and revenue growth.

Moreover, RVC participation can drive competitiveness for female-led enterprises. It encourages these businesses to adopt higher standards in quality, efficiency, and innovation to meet the demands of regional markets, thereby improving their overall competitiveness (OECD 2019). Participation in RVCs

also often involves collaborations with other regional businesses, which can facilitate knowledge and technology transfer, vital for business modernisation and development (World Bank 2020b).

Furthermore, RVCs provide opportunities for scaling up. Female entrepreneurs can leverage the networks and partnerships formed within RVCs to scale their operations and diversify their products and services, crucial for long-term sustainability (UNCTAD 2021a). Importantly, engaging in RVCs can also empower female entrepreneurs by providing them with a platform to overcome traditional gender barriers in business, enhancing their visibility, and enabling them to contribute more significantly to economic growth and development in their regions (International Trade Centre 2020).

Exploring African MSME primary survey data for value chain and gender insights

The tralac MSME gendered value chain survey 2023

Overview of the survey process and purpose

The primary objective of the survey was to maximise respondent participation within the limits of available resources and budget. The survey was spearheaded by two main field researchers, with Beru Lilako overseeing the Kenyan segment and Nana Banyin managing the survey in Ghana. An important aspect of the survey design was the use of an online form, which eliminated the need for face-to-face interviews, thereby enhancing efficiency and reach.

The survey was conducted in two distinct phases. Initially, it focused exclusively on Kenya and Ghana, but the scope was subsequently broadened in the second phase to encompass a total of 21 countries across East, South, and West Africa. To ensure inclusivity and a wider reach, the survey was made available in both English and French. The French version garnered 53 responses from countries like the Democratic Republic of Congo, Cameroon, Mauritius, Senegal, and Uganda, while the majority of the responses, 506 out of the total 559, were collected through the English version.

Comparison with similar recent surveys

When compared to other recent surveys, several distinctions become apparent. For instance, the World Bank Enterprise Surveys (World Bank Enterprise Surveys 2022), which have been ongoing for over two decades since 2002, encompass 162 countries, including 44 in Sub-Saharan Africa and 5 in North Africa. These surveys offer a comprehensive analysis of various business dimensions, particularly the

challenges posed by the business environment, but they do not address constraints related to the utilisation of Preference Trade Areas (PTAs).

The Intracen non-tariff measures (NTM) surveys (ITC 2023), with responses from around 30,000 participants in 70 countries, explores the experiences of companies with NTMs. However, these surveys have a different focus compared with the survey conducted for this research.

Additionally, there is the ACBI Pilot Project from 2020 (ACBI 2020), which initially covered Zambia and Cameroon before expanding to seven countries. This survey examined the business environment, Free Trade Agreement (FTA) usage, and challenges related to FTA utilisation, including some questions relevant to value chains.

Lastly, the survey conducted by Stuart and MacLeod in 2021 (Stuart & MacLeod 2021) under the auspices of UNECA also warrants mention. This study focused on PTA utilisation and the business environment, offering insights into areas similar to the current survey's objectives and methodology.

Main demographic features of the survey

Geographic coverage

Figure 1 presents a geographical distribution of survey responses within the cosmetics & personal care sector with the balance of the sectors. The location of the bubbles over country locations reflects the origin of the responses and the sizes of the bubbles on the maps are proportional to the number of responses. Each bubble is divided between cosmetics & personal care entities response numbers and the rest of the sectors in total.

This map reveals that certain economies, such as SACU members South Africa, Lesotho, Botswana and Namibia share some representation in the sector, similarly to ECOWAS members Nigeria and Ghana and EAC members Kenya and Tanzania, the latter of which have the greatest proportional representation among the REC groups.

The survey coverage for the cosmetics and personal care sector, while not as uniformly distributed as the agribusiness sector, highlights specific regions of focus. These clusters of responses might be indicative of regions with established consumer markets, greater trade integration, or areas with particular emphasis on beauty and personal care as economic sectors. Of interest is the fact that Lesotho, an LDC, is represented in the sector, suggesting that it is not only the more economically

developed countries that host the industry. The visualisation, thus, not only provides insight into the sector's current state but also potentially signals emerging markets and industry growth areas within the continent.

Table 1 provides a breakdown of responses by main REC membership².

Table 1: REC Distribution of responses

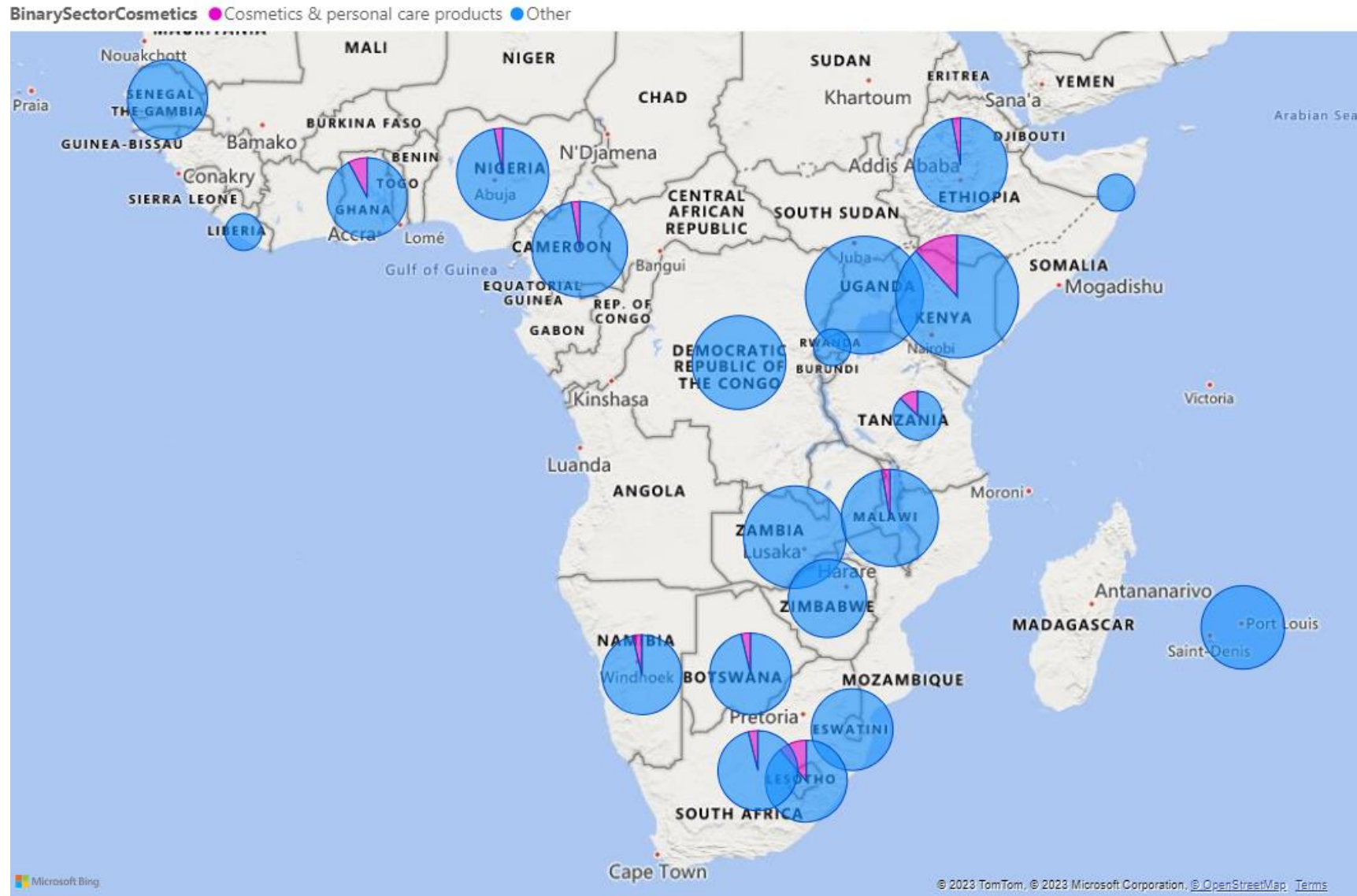
REC	Cosmetics & personal care products	Other	Total
SADC	2%	98%	100%
EAC	6%	94%	100%
ECOWAS	3%	97%	100%
ECCAS	3%	97%	100%
COMESA	3%	97%	100%
CENSAD	0%	100%	100%
All	3%	97%	100%

Source: Author's calculations based on tralac gendered value chains primary database

The REC distribution of responses is interesting. Although this sector was only the sixth largest sector in the sample, the sample size was almost as large as the original designated maximum sample size for a country. The sector is under-represented in SADC and the opposite in the EAC while being neutrally represented (relative to the overall sample) in the other three RECs represented.

² Due to overlapping REC memberships among many of the represented countries, each country was assigned a 'main REC' membership, where the choice was driven by the extent of integration offered by the REC.

Figure 1: Geographic distribution of responses: Cosmetics & personal care sector



Source: Author's construction based on tralac gendered value chains primary database

Figure Group 1: Demographics clockwise from top left: female ownership, entity size, REC distribution, country distribution



Source: Author's construction based on tralac gendered value chains primary database

Female ownership, entity size distribution and country distribution

Two very important dimensions that were captured for each responding enterprise were the extent of female ownership – captured as a percentage ownership but utilised as a categorical variable too – and entity size. The latter is usually interpreted as follows:

1. Very large: more than 250 employees
2. Large: 100 to 249 employees
3. Medium: 20-99 employees
4. Small: 5-19 employees
5. Micro: 1-4 employees

In addition, respondents were allowed to choose the category ‘average’ if they were unable to categorise their entity size any other way. The category ‘average’ is therefore somewhat ambiguous but fortunately is not a very large category in the sample. It has been ranked between ‘small’ and ‘medium’ for the purposes of the visualisations.

Female ownership percentage responses were classified by the author to the following categories:

1. 100% owned: fully owned
2. 75-99% owned: substantially majority owned
3. 50-74%: majority owned
4. 25-49%: partially-owned
5. 1-24%: minority owned
6. 0%: none

Figure Group 1 comprises four charts that provide an analysis of female ownership and entity size, alongside the REC (which has already been discussed above) and country distribution for the cosmetics and personal care products sector, which is a small sector relative to the overall sample but nevertheless important.

Regarding female ownership, the sector exhibits a substantial lead in the ‘fully owned’ category compared to the rest. This suggests that the cosmetics and personal care sector is a viable field for

female entrepreneurs, probably due to the nature of the client base for the product and product-specific knowledge patterns.

Moving to entity size, the 'small' category is most prevalent, consistent with the broader sample and indicative of the sector's composition of numerous small-scale enterprises, which are often retail-oriented or service-based businesses. The 'micro' category also shows significant representation, which might reflect the ease of starting small-scale operations within this sector.

Regarding the REC distribution, the cosmetics and personal care products sector shows similar prevalence within the SADC and EAC regions, possibly suggesting successful regional policies or a favourable market environment that supports the sector. South Africa, for instance, has a vibrant industry in this sector and exports the products to neighbours and regional trade partners. The fourth chart shows that there are responses from South Africa, but relatively more from Tanzania, Kenya, Lesotho and Ghana.

Overall, the data from these charts illustrate a sector that not only has a notable degree of female leadership, particularly in full ownership, but also a tendency towards smaller enterprise sizes (relative to the pharmaceutical sector for example).

Trade relationships and trade direction

The primary survey questionnaire contained a question relating to the trade partners of the responding entity:

"Which African and non-African countries do you trade the most with? (list maximum 3 for each, in order)"

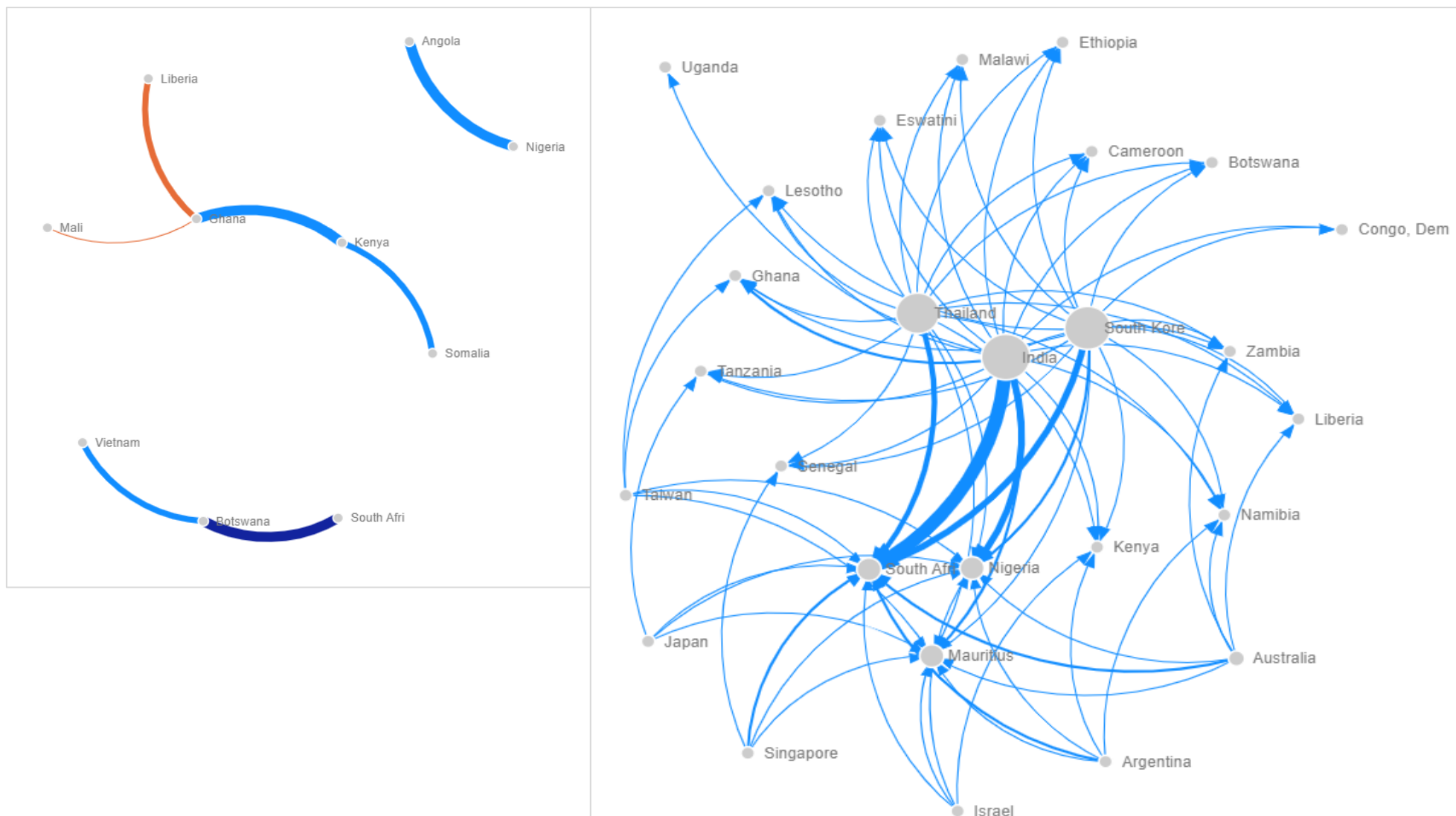
Each respondent had the option to return up to three trade partners, while many listed as many as five. There was no aspect to the question that required the specification of a trade direction, that is, whether the relationship with the listed countries was an import or export relationship. However, when cross-referenced with other questions, such as whether the respondent utilises preferential trade areas (PTAs) and what the respondent entity's position is in the value chain, it is possible to gain further insights on the trading nature of the respondent entity.

In order to assess the relative predominance of trade relationships among the respondents, the trade partners were ranked in the order they were returned and each rank turned into a weight. These

weights were then aggregated for countries and sectors; the calculated data for the cosmetics and personal care products sector is provided in the Appendix. This data could then be used to construct 'network' type diagrams, showing the trade connections between countries in the survey. The left hand side (LHS) chart in Figure Group 2 visualises this data. No 'arrowheads' are included in the link between the country nodes because the direction was not specified by the respondent. However, the thickness of the link reflects the weight, or predominance of the link in the survey. In addition, the colour of the link reflects whether there is a mutual REC membership between the two trade partners³.

³ Due to overlapping REC memberships among many of the represented countries, each country was assigned a 'main REC' membership, where the choice was driven by the extent of integration offered by the REC.

Figure Group 2: Trade relationships visualised: LHS - survey-derived trade relationships, RHS - UNCTAD-Eora derived directional trade relationships (NOT value truncated)



Source: Author's construction based on tralac gendered value chains primary database (LHS) and author's construction based on tralac directional value chains database (RHS)

Comparison with Eora directional value chain data

The right hand side (RHS) chart in Figure Group 2 is a directional trade chart constructed using tralac's directional value chain database, which is derived from the UNCTAD-Eora value chain database (UNCTAD 2022). This visualisation features arrowheads on the links, indicating trade direction. The country with the arrow pointing away from it is the value originator and the value receiving country is the value exporter. The survey MSME data therefore reflects trade relationships in general, whereas the aggregate value chain data strictly reflects the directional relationships between originator country (base of arrow) and exporter country (arrowhead).

The same data used in the visualisations is also summarised in Table 2, where the main regions' trade relationships are ranked in order from top to bottom. This data aids the understanding of the relationships depicted in the charts.

As has been observed in related tralac trade reports dealing with the agribusiness and CTL sectors, there is a significant pattern in the trade relationship visualisations found in the extent of intra-African trade within the survey's MSME (and mostly small) respondents. While this is a small sample, only one of the named trade partners is non-African, that being Vietnam. Within the intra-African trade relationships, mutual REC memberships are not overly important, with the bulk of trade relationships being outside of common REC memberships. The exceptions are trade flows between ECOWAS members Ghana, Liberia and Mali, and a bilateral between South Africa and Botswana.

Table 2: Comparison of trade relationships by main region: survey MSMEs (LHS) and aggregate value chain data (RHS)

Region	Weight	Region	Exports
Sub-Saharan Africa	87%	South Asia	55%
East Asia and Pacific	13%	East Asia and Pacific	40%
		Latin America & Caribbean	4%
		Europe	1%
		Sub-Saharan Africa	0%
Total	100%	Total	100%

Source: Author's calculations based on tralac gendered value chains primary database (LHS) and author's calculations based on tralac directional value chains database (RHS)

The RHS chart in Figure Group 2 (aggregate value chain data) could not be more different. This directional value chain relationship chart has no top-slicing and so reflects even the smallest recorded flows. Several patterns emerge:

- Major African hubs South Africa, Nigeria and Mauritius account for 85% of the exports of cosmetics and personal care products made with intermediate goods sourced from out of Africa.
- Major non-Africa originators India, South Korea and Thailand account for 84% of intermediate value finally exported by African exporters of cosmetics and personal care products.
- Smaller countries Eswatini, Malawi, Ethiopia, Cameroon, Botswana, Congo (DRC), Liberia, Lesotho, Ghana, Tanzania and Senegal all import intermediate value from more than one non-African country
- No African country appears as an originator of these products in the data, *but this is almost certainly a consequence of the classification of sectors in the Eora data, which is not standard by country.*

While the sample for this sector is small, the pattern that has been observed in related tralac trade reports dealing with the agribusiness and CTL sectors appears again. That is, there is a significant pattern in the trade relationship visualisations found in the extent of intra-African trade within the survey's MSME (and mostly small) respondents. This pattern (confirmed in the data presented in Table 2) contrasts with the extra-African trade relationships dominating the aggregate value chain data.

A conclusion that can be drawn from this data, in common with the agribusiness, CTL and pharmaceutical sectors, is that MSMEs appear to be more involved in intra-African trade than larger businesses, an important insight for policy and strategy relating to trade facilitation and small enterprise support. Therefore, strategies to facilitate intra-African trade and integration should not neglect the role and importance of MSMEs.

Relative position in the value chain

The 'position in the value chain' refers to the whether the enterprise is primarily a producer of raw materials, intermediate goods (in a variety of beneficiated states) or finished goods for final consumption. The product states that lead to value chain trade are strictly speaking those that will

require further processing in a different country, but for our purposes we are interested in all relative positions in the value chain, for the potential insights into trade and industrial policy that they can yield.

While the survey featured multiple questions relating to import and export value chain participation, for this final section on relative value chain participation we are focusing only on the following one:

“If you import, what is the best description of the beneficiation state of products that you import?”

The answer options given were as follows:

1. Finished goods – Africa
2. Finished goods – non-Africa
3. Intermediate goods – Africa
4. Intermediate goods – non-Africa

We therefore regard an entity that imports finished goods as the ‘final’ stage in the value chain. This entity may or may not add packaging (if the items are in bulk) but there is the possibility that only services value will be added to the products. For example, business services, financial services, transport services and ITC services (for example if the items are traded through a website). Nevertheless, the adding of services to the value of the product still represents a late stage (or ‘upgraded’) stage in the value chain.

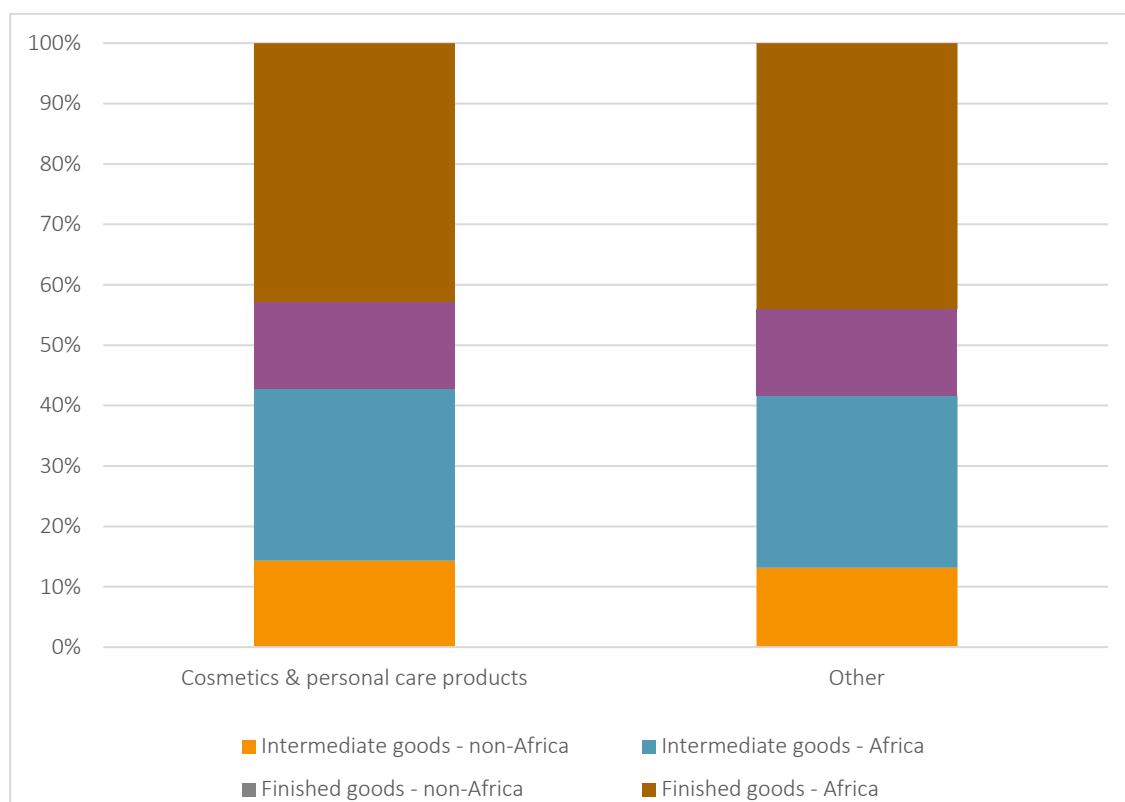
On the other hand, if an entity imports intermediate goods it will presumably do one of two things:

1. Further beneficiate the products and sell them locally or cross border as more processed intermediates
2. Further beneficiate the products and sell them local or cross border as finished goods.

Value chain position vs other sectors

Figure 2 and the associated data in Table 3 allow comparison of the relative value chain position of the pharmaceuticals sector compared with the balance of the sectors.

Figure 2: Position in value chain: pharmaceuticals sector vs other sectors (graphical)



Source: Author's construction based on tralac gendered value chains primary database

Table 3: Position in value chain: pharmaceuticals sector vs other sectors (tabular)

Sector	Intermediate goods - non-Africa	Intermediate goods - Africa	Finished goods - non-Africa	Finished goods - Africa	Total
Cosmetics & personal care products	14%	29%	14%	43%	100%
Other	13%	28%	14%	44%	100%
ALL	13%	29%	14%	44%	100%

Source: Author's calculations based on tralac gendered value chains primary database

What is surprising about the value chain positional data for the sector is that it is almost identical to the aggregate for the balance of the sectors. That is, almost 60% of imports are finished goods, with the proportion between Africa and non-Africa at about 3:1. The intermediate imported component is just over 40% with the split between Africa and non-Africa at 2:1. Therefore, the sector imports mostly from African countries (70%) and mostly finished goods (57%).

Value chain position and gender, size

The same data analysed by gender-based ownership is presented in Table 4 and Figure 3. The category 'none' is missing from this data subset, meaning all enterprises have some extent of female ownership, perhaps reflecting the nature of the product.

This data is unique among the sector datasets analysed so far, in that for at least two gender ownership categories (partially owned and minority owned), intermediate goods dominate. This suggests some aspect of beneficiation among a few businesses. However, equally there are some categories where finished goods dominate – majority owned and substantially majority-owned. Since this is a small dataset, female ownership does not seem to explain much in terms of value chain position.

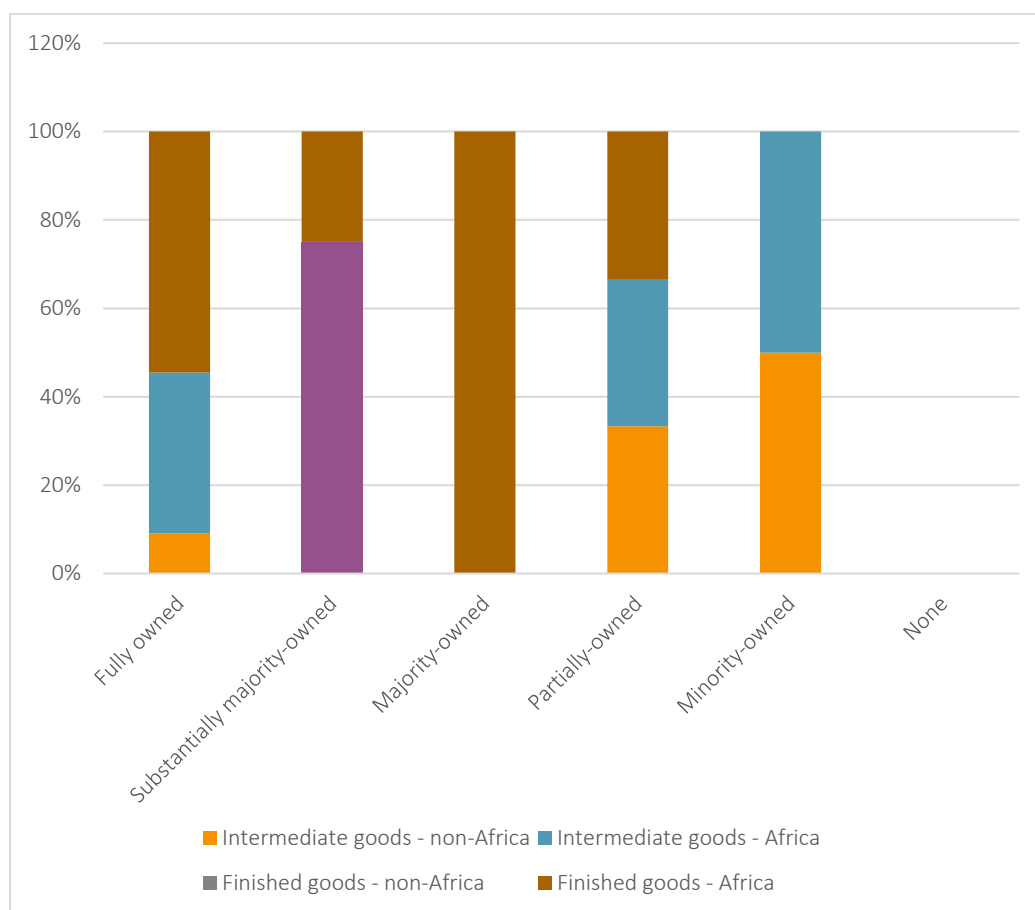
Table 4: Position in value chain: size dimensions (tabular)

Entity Size	Intermediate goods - non-Africa	Intermediate goods - Africa	Finished goods - non-Africa	Finished goods - Africa	Total
Medium	33%	33%	0%	33%	100%
Small	8%	33%	25%	33%	100%
Micro	0%	0%	0%	100%	100%
All	14%	29%	14%	43%	100%

Source: Author's calculations based on tralac gendered value chains primary database

When dimensioning the data by entity size, which only has three categories present (Table 4), no particular pattern emerges either. The micro category is exclusively concerned with importing finished goods, from Africa, and this is also consistent with patterns observed earlier.

Figure 3: Position in value chain: gender dimensions (graphical)



Source: Author's construction based on tralac gendered value chains primary database

Table 5: Position in value chain: gender dimensions (tabular)

Female Ownership	Intermediate goods - non-Africa	Intermediate goods - Africa	Finished goods - non-Africa	Finished goods - Africa	Total
Fully owned	9%	36%	0%	55%	100%
Substantially majority-owned	0%	0%	75%	25%	100%
Majority-owned	0%	0%	0%	100%	100%
Partially-owned	33%	33%	0%	33%	100%
Minority-owned	50%	50%	0%	0%	100%
All	14%	29%	14%	43%	100%

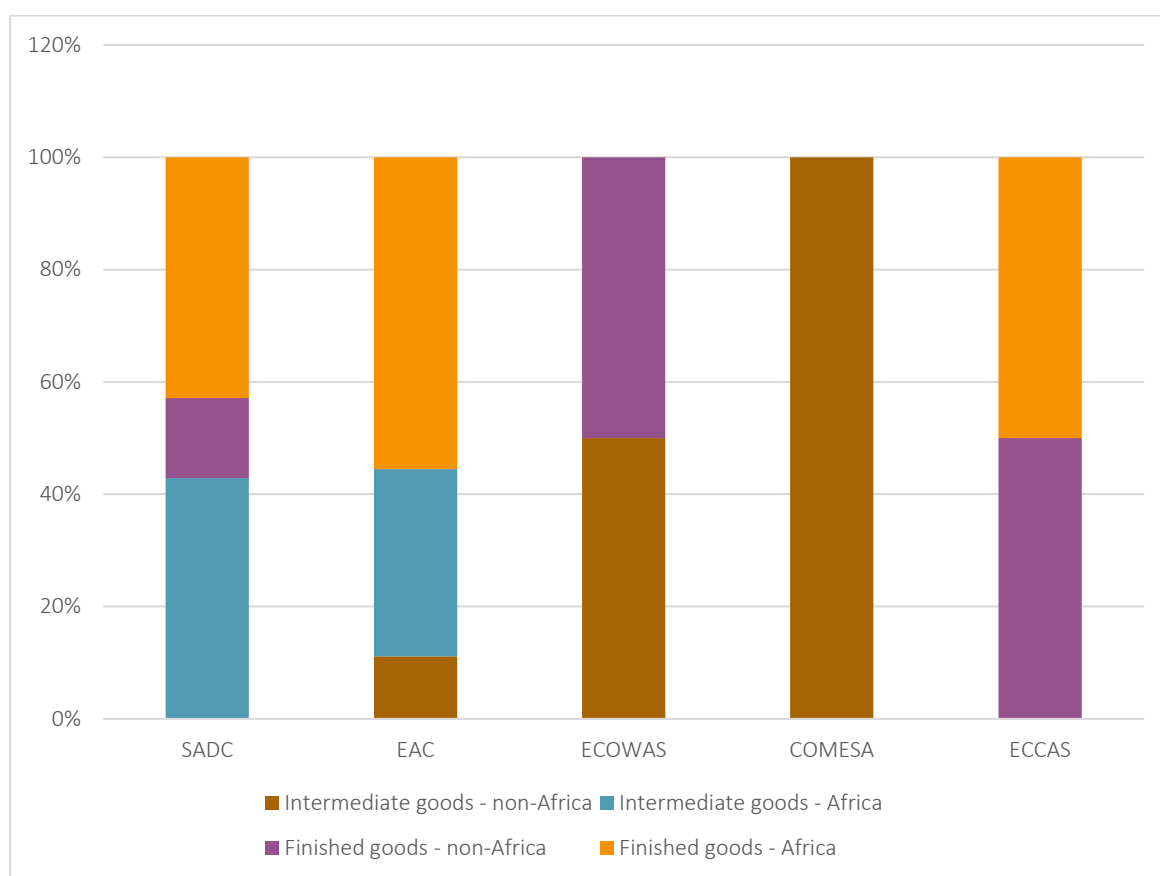
Source: Author's calculations based on tralac gendered value chains primary database

What could possibly be concluded from the gender and size dimension analyses is that larger, minority owned businesses are more likely to import intermediates and therefore to be involved in beneficiation, but this relationship is not perfect.

Value chain position and main REC membership

Finally, it is possible to analyse value chain relative position for the REC dimension as well, where each country is assigned one main REC membership. This data is presented in Table 6 and Figure 4.

Figure 4: Position in value chain: REC dimensions (graphical)



Source: Author's construction based on tralac gendered value chains primary database

Table 6: Position in value chain: REC dimensions (tabular)

REC	Intermediate goods - non-Africa	Intermediate goods - Africa	Finished goods - non-Africa	Finished goods - Africa	Grand Total	Total - Intermediate	Total Africa
SADC	0%	43%	14%	43%	100%	43%	86%
EAC	11%	33%	0%	56%	100%	44%	89%
ECOWAS	50%	0%	50%	0%	100%	50%	0%
COMESA	100%	0%	0%	0%	100%	100%	0%
ECCAS	0%	0%	50%	50%	100%	0%	50%
All	14%	29%	14%	43%	100%		

Source: Author's calculations based on tralac gendered value chains primary database

At least with the REC dimension to value chain position, there are some noticeable patterns. Both SADC and the EAC are highly dependent on intra-African trade and the proportion of intermediates is similar at 43% and 44% respectively. This suggests that beneficiation of African-sourced intermediates is taking place, at least by certain MSMEs in these regions.

We recall from the analysis of the aggregate Eora value chain data that no African originators of these products are in the database. However, it was noted at that point in the analysis that this was almost certainly a data classification issue. Sectoral classifications in the Eora value chain data are not standard in the UNCTAD version of the data (UNCTAD 2022) and some countries aggregate their data more than others. While certain non-African countries reported products in this sectoral classification, no African countries did. Instead, products such as these may have been classified by African countries as 'pharmaceuticals' or 'chemicals'. Since there is no way to disaggregate these product classifications, we are left without knowing the extent of African-originating value in this sector. Yet the survey data clearly shows that some countries source intermediate cosmetics and personal care products from other African countries.

Conclusions and recommendations

The cosmetics and personal care products value chain in Africa holds significant potential for growth and value addition, not least because the nature of the product is more 'home-grown' than many other products imported into Africa. Capitalising on this potential requires addressing challenges in sustainable sourcing, manufacturing capabilities, regulatory harmonisation, and distribution efficiency.

With strategic investments and policy support, this sector can contribute significantly to job creation, industrial development, and economic diversification in Africa.

Product development and manufacturing are pivotal stages in the value chain. There is a growing trend towards 'Afro-centric' cosmetics, which use traditional African ingredients and cater to local preferences. However, the manufacturing sector in many African countries faces challenges like limited technological capabilities, regulatory hurdles, and the need for skilled manpower. Despite these challenges, countries like South Africa and Egypt (not covered in the field survey however) have established relatively robust manufacturing bases for cosmetics.

The analysis produced various insights into the nature of the sector, the direction of trade and trade relationships and the relative position of enterprises in the value chain. The analysis reveals that major African hubs like South Africa, Nigeria, and Mauritius account for 85% of exports in cosmetics and personal care products made with intermediate goods sourced from outside Africa. Conversely, major non-African originators like India, South Korea, and Thailand contribute 84% of the intermediate value exported by African exporters in this sector. The data also suggests that MSMEs are more involved in intra-African trade compared to larger businesses. This insight is crucial for policy and strategy related to trade facilitation and support for small enterprises.

When considering value chain position, most imports in this sector are finished goods, predominantly sourced from African countries. The gender and size dimensions of businesses do not show a clear pattern in terms of value chain position, although larger minority-owned businesses tend to import intermediates and engage in beneficiation.

REC membership plays a role in value chain positions, with SADC and EAC regions showing a high dependence on intra-African trade and a notable proportion of intermediates, suggesting beneficiation activities by certain MSMEs in these regions.

An important point made in the body, which bears repeating, is that even though no African country appears as an originator of cosmetics and personal care products in the aggregate Eora value chain data, this is likely due to classification discrepancies. African-originating value in this sector may be underrepresented or misclassified as pharmaceuticals or chemicals in some datasets. The MSME survey data at least, suggests otherwise than the Eora data suggests.

The findings of this paper indicate that support for cosmetics and personal care MSMEs in general and female-owned MSMEs in particular could strengthen African value-chain development. Supporting the sector would involve prioritising MSMEs in industrial policy strategy and also addressing the requirements of female-owned businesses, which tend to be found on the smaller end of the scale. Trade facilitation efforts, which are already a part of the action plans of many African trade promotion agencies, should also prioritise the MSME and female-owned MSME sectors.

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Appendix

Table 7: Trade relationship weighted data plus REC assignment: cosmetics and personal care products sector

Source	Destination	DestinationRegion	SourceREC	DestinationREC	Weight
Botswana	Vietnam	East Asia and Pacific	SADC	ROW	4
Ghana	Kenya	Sub-Saharan Africa	ECOWAS	EAC	5
Ghana	Liberia	Sub-Saharan Africa	ECOWAS	ECOWAS	4
Ghana	Mali	Sub-Saharan Africa	ECOWAS	ECOWAS	3
Kenya	Somalia	Sub-Saharan Africa	EAC	CENSAD	4
Nigeria	Angola	Sub-Saharan Africa	ECOWAS	SADC	5
South Africa	Botswana	Sub-Saharan Africa	SADC	SADC	5

Source: Author's calculations based on tralac gendered value chains primary database