



Project Location:
Port Vila, Efate Island Vanuatu

Project Start Date:
1 January 2009

Funding Source:
Australian Agency for International Development (AusAID) – 47.5%, Volcanic Earth 52.5%.

Total Grant Funds Approved:
A\$190,000

Updated December 2012

Volcanic Earth – Skin Care Product Manufacturing And Export, Vanuatu

ABOUT VOLCANIC EARTH

Volcanic Earth is a manufacturer, retailer and exporter of natural organic skin care products and traditional Melanesian skin treatments made mainly from local inputs.

THE PROJECT AND HOW IT WORKED

ECF support was provided for the expansion of its processing plant to produce bulk supplies of skin care products for export markets.

- Rural and remote suppliers of tamanu nuts, coconuts and other inputs would be offered new income opportunities.
- Additional employment opportunities at Volcanic Earth, primarily for women.
- Project would provide a replicable model for export development by small-medium enterprises in the Pacific – the company focuses on internet based export sales for skin care products.

Volcanic Earth faced increased international competition for its key export commodity, tamanu oil, in 2011 and this resulted in decreased purchase of nuts from suppliers.

THE RESULTS

- Production capacity increased by 400% and Volcanic Earth doubled gross income between 2008 and 2010.
- In 2010 Volcanic Earth established a network of overseas agents/distributors and exported 8,000 litres of bulk tamanu oil to various international customers.
- In 2011 Volcanic Earth moved to a new premise in Port Vila to expand production and services.
- In 2010 payments to tamanu nut suppliers and graders, primarily women, through another local company were over \$A30,000.

- Sales of tamanu oil increased in 2012 but have not yet reached the levels of 2010. Other export sales are growing and initial marketing in Japan indicates number of opportunities for the company's products.
- Suppliers in rural locations selling around \$A10,000 worth of coconuts to Volcanic Earth per year. Most of these suppliers have limited alternative income sources.
- Six new employees in the company and coconut oil operation.
- The manager of the coconut mill has developed a successful small business and is diversifying into additional commercial activities.
- Exports of packaged skin care products are progressing and purchases of other local inputs are likely to grow.

This project has been successful in terms of supporting the growth and export development of a small local company and provides useful lessons for other small scale exporters in the Pacific.

HOW ECF FUNDS WERE USED

ECF support partly funded the improved packaging and labeling equipment, export marketing activities and initial purchases of inputs from rural suppliers.

Volcanic Earth funded other expansion costs and, in 2011, the purchase of the new operating facility in Port Vila. Based on the company's solid growth over the previous two years the company was able to secure bank finance for this commercial building.