ARTICLE:

Ghana's Shea Industry: A Profitable Investment Space You May Be Overlooking

GHANA INVESTMENT PROMOTION CENTRE

Certainly,

there's an understandably strong leaning towards cash crops like cocoa, coffee, cotton, and tea... but have you ever considered shea?

If not, then the story of Skin Gourmet, a shea business that began in Ghana with only $45, but raked in $600,000 in a few years, should give you something to ponder about.

The case for the shea industry has grown stronger recently regarding market accessibility and profitability, making it an enticing investment option.

Its products, particularly shea butter, have become popular among global consumers due to the growing interest in natural and organic products. The shea butter market size surpassed USD 2bn in 2022 and is anticipated to reach USD 4bn by 2032, driven by the increasing consumption of confectionary and bakery items in Europe, North America and Asia Pacific (Global Market Insights).

Besides its well-known shea butter products, the shea crop has many other uses that investors can explore. It can be used in food preparation, frequently as a soup thickener or a condiment; as a foundation for soap production; in the creation of candles, and the production of hair care products and medications.

Ghana's shea

As exemplified in the story of Skin Gourmet, it is irrefutable that the seeming global consumer drift towards shea products presents immense opportunities to major shea-producing countries like Ghana.

Shea has become one of Ghana's leading non-traditional agricultural exports and an important source of income for millions of people, particularly in the country's northern regions. It is estimated to employ over 600,000 people, most of whom are women (IFAD, 2018).

Strong government policies and initiatives support the country's budding shea industry to ensure its sustained growth. In 2022, for instance, Vice President Mahamudu Bawumia launched the Ghana Shea Landscape Emission Reductions Project (GLSERP), purposed to mitigate the effects of climate change on the fragile ecosystem of shea growing areas and improve the shea value-chain. That is augmented by partnerships between the government and local or international organizations, like the Global Shea Alliance, to support Shea nut farmers and processors.

Exploring Ghana's shea industry

The conducive environment being created by key stakeholders has made the industry as rewarding as ever. Potential investors can explore the following to fully benefit from Ghana's shea sector;

01.

Shea nut Production:

Ghana's favorable climate and soil conditions make it ideal for shea production. Though there's a long-standing tradition of shea nut harvesting and processing, investing in research and development to improve the yield and quality of shea nuts can also be a potential opportunity. The market for shea produce is readily available, with China, Japan, South Korea, South Africa, Angola, and Kenya, identified as the most promising for exports by the Global Shea Alliance (2020).

02. Processing and Packaging:

Currently, shea nuts are processed using traditional methods, which involve cracking them by hand and then roasting them over an open fire. This process is time-consuming and results in low yields of mid-quality shea butter. Investing in modern processing technology can improve the efficiency and quality of shea nut processing, resulting in increased profitability for producers and processors.

03. Supply Chain Development:

Ghana's shea nut supply chain is fragmented, making it difficult for producers to access markets and for buyers to access high-quality shea nuts. Investors can support the supply chain's development by investing in infrastructure such as warehouses and transportation and supporting efforts to establish fair trade practices that ensure producers receive a fair price for their shea nuts.

04. Social Enterprise:

Shea nut production is a significant source of income for people in rural communities, particularly women. Investors can support social impact initiatives that promote gender equality, such as programs that support women's empowerment and education, or support initiatives that help build local industry capacity.

In a nutshell, the shea industry is worth exploring as an investor. When prospecting in this sector, you can speak to the Ghana Investment Promotion Centre for insights on opportunities, incentives and necessary guidelines to help manage business risks.In a nutshell, the shea industry is worth exploring as an investor. When prospecting in this sector, you can speak to the Ghana Investment Promotion Centre for insights on opportunities, incentives and necessary guidelines to help manage business risks.

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