



Investment Project #2: **SHEA BUTTER PRODUCTION**

Market potential

- Global demand for shea nuts is over 350,000 tons, yet Uganda produces only 3 ton per year (compared to Ghana's 60,000 tons).
- The global shea butter market is expected to reach USD 2.9Bn by 2025, owing to increased demand for organic beauty products in the cosmetic industry.
- The investment opportunity targets production of 2000 tons of shea butter per year.

Financial viability

- The capital investment required is USD 85,000 for a 5-year project, with cost of capital (debt) at 10 - 15% per annum.
- Operational costs are projected at USD 17,800 for the 5 years.
- ROI is projected at 23%.
- Payback period is 5 years.

Competitive advantage

- Shea butter trees are indigenous fruit trees that grow widely in Lango and Acholi sub-regions. They are a protected species under the NEMA Act, and community awareness campaigns and enforcement efforts are conducted to protect them.
- Adoption of modern agricultural practices, including government's support for commercial farming, ensure farmers have access to necessary technical, logistical and administrative support.

Government and OSC support to key challenges

- Enhanced enforcement of regulations on quality assurance would ensure standardization of Shea butter to meet international markets standards.
- Continued promotion of BUBU and other import substitution policies would further grow the domestic market.