Côte d’Ivoire Brief

General Country Context

Côte d'Ivoire is the economic hub of francophone West Africa and exerts significant influence in the region. It has enjoyed dynamic, robust and stable economic growth since 2012, but experienced a slowdown in 2020 due to the COVID-19 crisis[1].

The country’s score on the World Bank’s human capital index improved slightly in 2020 relative to 2019 and poverty has been falling from 46.3% in 2015 to 39.4% in 2020[2]. It is important to note that this decline was confined to urban areas, while rural poverty levels rose by 2.4% over the same period.

These populations, composed mainly of farmers, are highly vulnerable to the global economic disruption caused by COVID-19. Prosper Cashew is addressing an important opportunity to support the most vulnerable population groups, who are facing the risk of increased unemployment and underemployment, and of further falling into poverty.

Cashew Sector

Côte d'Ivoire remains the largest African exporter of raw cashew nuts (RCN). The impact of RCN production and processing extends to other sectors through forward and backward linkages to input provision, transport, financial services, taxes, energy, and through the value chain to consumption. This position gives the cashew sector, and particularly cashew processing, a key role in creating jobs and reducing poverty.

In less than a decade, Côte d’Ivoire has doubled its production of RCN to become the global leader with an estimated production of 887,500 metric tons in 2020. Nearly 25% of the global trade of RCN now originates from this single country of West Africa. Although Côte d’Ivoire is the world’s leader in cashew production, less than 8% of RCN produced in the region are processed within West Africa.[3] There is an opportunity to increase domestic processing to gain[4] from higher value-added products, job creation, and increased revenue.

Regulatory framework and policies for Côte d’Ivoire

With respect to the cashew value chain, the regulatory framework in Cote d’Ivoire is the most advanced in West Africa. Although the institutional architecture in the region is nascent, Côte d’Ivoire has a relatively strong, active and resourced public body, the *Conseil du coton et de l'anacarde* (CCA). It is tasked to coordinate and promote development of these subsectors by regulating their activity, organizing the provision of critical services, strengthening producer associations, and creating a strong entity (an inter-professional body) to manage private actors in all segments of the value chain.

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[1] *World Bank Group / IFC Creating Markets in Cote d’Ivoire report, September 2020.*

[2] *https://www.worldbank.org/en/country/cotedivoire/overview*

[3] N’Kalo. January 8, 2021. *Cashew Market Bulletin.*

[4] Prosper Cashew’s theory of change is that if cashew processing and other agri-enterprises in Côte d’Ivoire, Nigeria, and Ghana have better access to appropriate capital and technical expertise, and stakeholders have incentives to establish and maintain local supply chains, then local processing capacity will increase and the competitiveness of the West African cashew processing industry will improve.

Development of the cashew value chain is a national priority reflected in the NDP 2016–20 and the National Agricultural Investment Plan (NAIP). In 2013, the government adopted six strategic pillars to promote domestic cashew processing. The first pillar was to establish the CCA. The second pillar is to strengthen research programs, produce and distribute improved planting materials, and improve technical advisory services on good agricultural practices (GAP) and harvesting/post-harvesting methods to improve the quality of the RCN. The third pillar is to establish effective quality management systems and traceability mechanisms. The fourth pillar is to ensure a farm gate price of at least 60% of the international cost, insurance and freight (CIF) price of the RCN. The fifth pillar is to rationalize domestic marketing by establishing a network of approved warehouses, and the final pillar is to rehabilitate rural roads in key production areas.

Characteristics of Cashew processing in Côte d'Ivoire

Côte d'Ivoire processes less than 8% of its RCN production. Over 90% of Ivorian cashew production is exported to India and Vietnam, mainly by foreign-owned companies. Several licensed domestic cooperatives/enterprises handle internal trade based on pre-finance links with these foreign companies. The reach of foreign trading companies directly to the farm gate is increasing, with consequent risks for farmers due to speculation and external forces. An increase in domestic processing can reduce dependence on exports to India and Vietnam, and therefore significantly diminish the risk to the sector while also capturing a greater share of the added-value from domestic processing.

Baseline Data - Côte d'Ivoire

For the purpose of the Prosper Cashew baseline study, 16 processors were surveyed in Côte d'Ivoire (11 active; 2 inactive; 3 in-project) out of a total of an estimated 46 processors with presence in the country (active/inactive/in-project).

Indicator #1: Percent of domestic RCN production processed into kernel prior to export (based on 2020 production figures)			
Côte d'Ivoire	7.90%		
Indicator #2: Value of annual sales of farms and firms receiving USDA assistance			
All commodities	Actual (USD)	Extrapolation (USD)	Sample size
Côte d'Ivoire	15,326,793.13	56,844,098.71	10
Kernel only	Actual (USD)	Extrapolation (USD)	Sample size
Côte d'Ivoire	14,803,245.11	55,514,151.81	10
Indicator #3: Volume of commodities sold by farms and firms receiving USDA assistance			
Kernel (MT)	Actual	Extrapolated	Sample size
Côte d'Ivoire	3,442.0	12,908.0	9
RCN (MT)	Actual	Sample size	
Côte d'Ivoire	668	2	
Indicator #6: Number of organizations with increased performance with USDA assistance			
Note: Baseline is 0%. The 2020 data is provided below and will be used as the basis for future calculation for this indicator			
Category	OCA average	Sample size	
Côte d'Ivoire	63.1	11	
Indicator #7: Average processing cost per unit of output for selected agricultural commodities as a result of USDA assistance			
Category	USD kg/kernel	USD MT/RCN	Sample size
Côte d'Ivoire	3.17	634.44	9

Indicator #8: Total volume of additional kernel output processed by USDA-supported firms				
Category	Actual (MT)	Extrapolated (MT)	Sample size	
Côte d'Ivoire	3,857	14,464.3	9	
Indicator #10: Percentage increase in actual income of participating firms receiving USDA support				
Note: Baseline is 0%. The 2020 profit data is provided below and will be used as the basis for future calculation for this indicator				
Category	Profit (USD)	Extrapolated (USD)	Sample size	
Côte d'Ivoire	-4,726,577.07	-17,529,956.27	10	
Indicator #11: Number of distinct markets to which selected agricultural products are exported				
Kernel categories	# of countries	Sample size		
Côte d'Ivoire	24	11		
Indicator #13: Value of cashew products sold into domestic, regional and international markets				
Kernel	Actual domestic sales (USD)	Actual regional sales (USD)	Actual international sales (USD)	Sample size
Côte d'Ivoire	1,325,547.80	45,900.00	13,431,797.31	10
Indicator #20: Number of new clients/trade partners obtained as a result of USDA assistance				
Categories	# of clients	Sample size – Processor (#)		
Côte d'Ivoire	26	11		
Indicator #21: Number of firms attending or represented at international/regional trade shows				
Categories	# of firms	Sample size – Processor (#)		
Côte d'Ivoire	4	11		

Notes:
[1] No extrapolation because we do not have an overall value for RCN MT exported by processors.
[2] No extrapolation because we do not have overall value produced.
[3] This should be regarded with caution, as it includes all commodities, but extrapolation is based on kernel sales.

Challenges and Opportunities

Despite the abundance of RCN as a raw material, investment in local cashew processing remains very low and capacity is underutilized. The debate about the competitiveness of Ivorian cashew processing has evolved positively in recent years, with a growing belief that domestic processing can be competitive if a number of key criteria are met. These criteria include the use of efficient semi-mechanized processing equipment, management by experienced and specialized staff, and a well-trained, professional workforce.

Current challenges include low productivity levels (including labor), access to and cost of capital, food safety and traceability standards, and capacity to keep up with constantly improving processing technology to drive the country's competitive advantage. There is a strong opportunity, particularly in regards to concerns related to traceability, food safety, labor practices, and environmental concerns, which is encouraging global kernel buyers to seek supply directly from Ivorian processors.

The India and Vietnam experience has also shown that the expansion of the cashew sector includes not only an increase in regional or domestic processing, but also the promotion of domestic consumption (kernels and by-products) as well as the expansion of secondary processing (roasting, seasoning, niche markets). A further interesting opportunity is the production of cashew by-products for food production. Confectionary, biscuits, paste, other processed foods, can all integrate the small but equally nutritious cashew pieces as ingredients in their recipes, which are adaptable to local tastes.