

Ghana Brief

General Country Context

Ghana is globally praised as a politically and economically stable country in West Africa. It consistently ranks in the top three countries in Africa for freedom of speech and press freedom. Factors such as these provide Ghana with solid social capital. The unemployment rate in Ghana decreased from 6.8 in 2015 to 4.1 in 2019. But because Ghana's economy shrunk by 3.2% and 1% in the second and third quarters of 2020, respectively, due to the pandemic, this created a recession for the first time in 38 years and unemployment rate increased to 4.5 in 2020.¹ Nonetheless, Ghana is on the path of recovery as the economy started to improve in the second half of 2020, especially the performance of agriculture, manufacturing, and tradable services sectors. Nonetheless, the negative effects of the pandemic on the economy will continue to be felt because of low external demand, lower foreign direct investment, and weak tourism.²

Cashew Sector

Ghana has increased investments in Bono East, Bono and the Ahafo regions to boost cashew nut production. Ghana's cashew nut production has increased fourfold in the past 20 years.³ There seems to be a growing national demand in Ghana, with a sizable 30 million people market, that could prove to be an interesting opportunity due to the relatively small size of many national processors. Roasted and branded cashew nuts for final consumers tend to generate higher profit margins, albeit from a smaller amount of sales in domestic markets. Despite this rapid growth, some concerns are arising about the sustainability of cashew production.

Regulatory framework and policies for in Ghana

The lack of a regulatory framework for processors in Ghana is an important challenge that will ultimately influence the project outcome and which Prosper Cashew is not directly addressing. Ghana has Free Zones, providing tax and duty reductions and exemptions for businesses that invest in the country. Income from non-traditional exports is subject to 8% income tax, though no export tax is levied on RCN. Beginning in 2018, all RCN exporters are required to register with the Ghana Export Promotion Authority (GEPA) and the Plant Protection and Regulatory Services Directorate (PPRSD); the registration process involves payment of various fees. The government has passed the Tree Crop Development Bill to set up an authority to regulate the cashew sector.

Characteristics of Cashew processing for Ghana

Ghana is still in its early stages for organizing the cashew value chain, especially processing. There are opportunities to support small-scale processing, but at a reduced scale. Processors below 500 MT per year seem to thrive in Ghana. Below these processing levels, processors can offer products for the national market, and also seem to be able to access RCN throughout the year.

¹ [International Labour Organization, ILOSTAT, 2020.](#)

² <https://www.worldbank.org/en/country/ghana/overview>.

³ <https://www.tridge.com/fr/stories/ghanaian-government-aims-to-increase-cashew-production-in-2020>

They may pay higher prices for RCN, but less capital is required and processors can acquire smaller quantities of produce, then process, sell, and continue the cycle.

Baseline Data - Ghana

Five processors were sampled in Ghana, all in the small firms' category (<4,999 MT)⁴. We estimate that there are 17 processors in the country according to TNS records.

Indicator #1: Percent of domestic RCN production processed into kernel prior to export (based on 2020 production figures)				
Total	8.20%			
Ghana	9.50%			
Indicator #2: Value of annual sales of farms and firms receiving USDA assistance				
All commodities	Actual (USD)	Extrapolation (USD) [note 3]	Sample size	
Regional	39,992,571.32	155,224,638.14	19	
Ghana	138,609.70	8,211,474.88	4	
Kernel only	Actual (USD)	Extrapolation (USD)	Sample size	
Regional	27,172,533.71	105,319,898.09	18	
Ghana	133,320.10	2,750,001.98	3	
Indicator #3: Volume of commodities sold by farms and firms receiving USDA assistance				
Kernel (MT)	Actual	Extrapolated	Sample size	
Regional	5,906.3	22,892.6	19	
Ghana	94.3	1,945.1	4	
RCN (MT)	Actual	Sample size		
Regional	7,798	5		
Ghana	0	0		
Indicator #6: Number of organizations with increased performance with USDA assistance				
Category	OCA average	Sample size		
Regional	58.4	22		
Ghana	18.6	4		
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	
Regional	3.84	768.10	13	
Ghana	6.79	1,357.66	2	
Indicator #8: Total volume of additional kernel output processed by USDA-supported firms				
Category	Actual (MT)	Extrapolated (MT)	Sample size	
Regional	6,478.3	25,109.7	18	
Ghana	109.3	2,254.5	4	
Indicator #10: Percentage increase in actual income of participating firms receiving USDA support				
Baseline is 0%, but 2020 profit data will be used as the basis for future calculation for this indicator; see below				
Category	Profit (USD)	Extrapolated (USD)	Sample size	
Regional	-8,843,551.79	-34,324,802.84	20	
Ghana	11,725.28	694,625.59	5	

⁴ Large firms (10,000+ MT) and medium firms (5,000-9,999 MT).

Indicator #11: Number of distinct markets to which selected agricultural products are exported				
Kernel categories	# of countries	Sample size		
Total unique	25	22		
Regional	34	22		
Ghana	2	7		
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
Ghana	131,556.90	0.00	1,763.20	3
Indicator #20: Number of new clients/trade partners obtained as a result of USDA assistance				
Categories	# of clients	Sample size – Processor (#)		
Total	65	22		
Ghana	2	4		
Indicator #21: Number of firms attending or represented at international/regional trade shows				
Categories	# of firms	Sample size – Processor (#)		
Total	5	22		
Ghana	0	4		

Challenges and Opportunities

Ghana faces a particular set of challenges concerning the development of appropriate fiscal and legal incentives to promote processors' access to RCN. Under the current policy environment, where there are no fiscal disincentives for export of RCN (Ghana being one of the only countries in the region without fiscal barriers to export), processors find it difficult competing with exporters who can mobilize financing at more competitive rates than processors. It is very difficult for processors to access RCN.

The cocoa sector has a more developed regulatory framework, including export quotas, and a better structured processing policy. In Ghana, when the Government attempted to create a more structured policy for the cashew value chain, one that is perceived to decrease producers' opportunity to sell to the more profitable RCN export market, it was met by resistance from producers, resistance that translated into political pressure on the government. Those decisions on limits on export and fiscal disincentives were reversed. The Tree Crop Development Authority, the public body with the responsibility to promote and manage the value chain, is still in its infancy, but it is a welcomed and hopefully important development to improve the governance of the cashew value chain. The RCN market in Ghana is not regulated, with no export tax. As a neighbor to Côte d'Ivoire, where there is an export tax, there is notable volumes of illegal cross border trade and contraband, despite a ban on export of RCN from Côte d'Ivoire through land borders. These dynamics make sourcing raw materials difficult for local processors as they have to compete with exporters who have more access to finance and foreign currencies. As Prosper Cashew will be financing the acquisition of RCN in Ghana, there is an important risk that it ends up funding the unlawful import of RCN. Ghana needs a great deal of assistance for the

development of an appropriate regulatory framework and institutional framework to support the sustainability of the value chain in general, and to promote processing in particular.