Global Brief

General description of cashew sector

West Africa is the world's leader in cashew production, accounting for more than 45%[1] of the raw cashew nuts (RCN) harvested around the globe each year. The majority of RCN are exported to Asia, where they are processed into kernels before being shipped to consumer markets around the world. Nonetheless, less than 10% of RCN produced are processed within West Africa. This low level of domestic processing deprives West African countries of higher value-addition and jobs and can translate into reduced and highly fluctuating prices for smallholder farmers and domestic processors. In 2019, Africa accounted for 58% of global cashew production, but only 4.4% of global kernel processing.[2]

Regional regulatory framework and policies

The regulatory framework and governance of the cashew value chain varies a lot from one country to another. While Côte d'Ivoire has a comprehensive regulatory framework for the cashew value chain, including fiscal incentives for processors and disincentives for exports of RCN, Ghana and Nigeria are still in the early stages of developing a legal framework that recognizes the added value of processors, protects their access to RCN and motivates investment.

Baseline Data - Regional

For this baseline study, 16 processors were sampled in Côte d'Ivoire, 11 in Nigeria and five in Ghana (5). Most processors sampled (21) were small-sized (4,999 MT or less), followed by large (7) (10,000 MT or more) and medium (4) (5,000 to 9,999 MT) processors. Only one processor from the survey is solely female-owned. Below are the total regional and country-based values for all indicators with baseline data.

Indicator #1: Percent of domestic RCN production processed into kernel prior to export (based on 2020 production figures)				
Total		8.20%		
Country	Côte d'Ivoire	7.90%		
	Nigeria	8.80%		
	Ghana	9.50%		
Indicator #2: Value of annual sales of farms and firms receiving USDA assistance				
All products		Actual (USD)	Extrapolation (USD) [note 1]	Sample size
Total		39,992,571.32	155,224,638.14	19
Country	Côte d'Ivoire	15,326,793.13	56,844,098.71	10
	Nigeria	24,527,168.50	70,463,495.81	5
	Ghana	138,609.70	8,211,474.88	4
Kernel only		Actual (USD)	Extrapolation (USD)	Sample size
Total		27,172,533.71	105,319,898.09	18

[1] Source: <https://www.technoserve.org/our-work/projects/prosper-cashew-project/>.
[2] African Cashew Alliance. 2019. *Invest in Africa: Cashew.*

Country	Côte d'Ivoire	14,803,245.11	55,514,151.81	10
	Nigeria	12,235,968.50	35,790,767.09	5
	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
Total		5,906.3	22,892.6	19
Country	Côte d'Ivoire	3,442.0	12,908.0	9
	Nigeria	2,370.0	6,932.4	4
	Ghana	94.3	1,945.1	4
RCN (MT)		Actual	Sample size	
Total		7,798	5	
Country	Côte d'Ivoire	668	2	
	Nigeria	7,130	3	
	Ghana	0	0	
Indicator #4: Number of jobs attributed to USDA assistance				
Category		Actual (#)	Extrapolated (#)	Sample size
Total (21+ days)		2,260	9,356	18
Indicator #6: Number of organizations with increased performance with USDA assistance				
Category		OCA average	Sample size	
Total		58.4	22	
Country	Côte d'Ivoire	63.1	11	
	Nigeria	73.7	7	
	Ghana	18.6	4	
Category		OCA average	Sample size	
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
Total		3.84	768.10	13
Country	Côte d'Ivoire	3.17	634.44	9
	Nigeria	3.90	780.00	2
	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
Total		6,478.3	25,109.7	18
Country	Côte d'Ivoire	3,857	14,464.3	9
	Nigeria	2,512	7,347.7	5
	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				
Category		Profit (USD)	Extrapolated (USD)	Sample size
Total		-8,843,551.79	-34,324,802.84	20
Country	Côte d'Ivoire	-4,726,577.07	-17,529,956.27	10
	Nigeria	-4,128,700.00	-11,861,240.12	6
	Ghana	11,725.28	694,625.59	5

Indicator #11: Number of distinct markets to which selected agricultural products are exported			
Kernel categories		# of countries	Sample size
Total unique		25	22
Total		34	22
Country	Côte d’Ivoire	24	11
	Nigeria	8	4
	Ghana	2	7

Indicator #12: Number of purchase contracts resulting from processor attendance at international trade fairs/conference and trade missions			
Baseline is 0 (“project-sponsored”)			
Categories		Purchase contracts (#)	Sample size – Processor (#)
Total		3	22
Country	Côte d’Ivoire	3	11
	Nigeria	0	4
	Ghana	0	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
Country	Côte d’Ivoire	1,325,547.80	45,900.00	13,431,797.31	10
	Ghana	131,556.90	0.00	1,763.20	3
	Nigeria	1,672,000.00	149,000.00	10,414,000.00	5

Indicator #14: Number of new certifications of industry and/or sustainability standards (e.g., HACCP, BRC, Sedex) received with USDA assistance			
Baseline is 0 (“new”)			
Categories		Certifications (#)	Sample size – Processor (#)
Total active		19	22
Country	Côte d’Ivoire	12	11
	Ghana	1	4
	Nigeria	6	7
Percentage of active processors certified		30.80%	22

Indicator #16: Number of loans disbursed as a result of USDA assistance			
Baseline is 0			
Categories		# of loans	Sample size – Processor (#)
Total		5	28
Country	Côte d’Ivoire	5	14
	Ghana	0	4
	Nigeria	0	10
	Grants	878,124.00	28

Indicator #20: Number of new clients/trade partners obtained as a result of USDA assistance			
Categories		# of clients	Sample size – Processor (#)
Total		65	22
Country	Côte d’Ivoire	26	11

	Ghana	2	4
	Nigeria	37	7
Local clients:		30	4 processors (only non-int'l responded)
Indicator #21: Number of firms attending or represented at international/regional trade shows			
Categories		# of firms	Sample size – Processor (#)
Total		5	22
Country	Côte d'Ivoire	4	11
	Ghana	0	4
	Nigeria	1	7

[1] This should be regarded with caution, as it includes all commodities, but extrapolation is based on kernel sales.

Opportunities and challenges

An important part of the RCN produced in West Africa is traded through land borders between the producing countries. Most of this trade is unofficial, and little reliable data is available about it, thus estimates tend to be made based on local trader's information and monitoring of the entire cashew season. Countries such as Côte d'Ivoire, Nigeria, Burkina Faso, Mali, Guinea-Bissau, and Senegal have a net export RCN, while Benin, Togo, Guinea, Gambia, and especially Ghana have a net import of RCN from the previously mentioned countries. The export from Côte d'Ivoire is important considering the country has banned land export. However, as these land restrictions have limited resources to be enforceable, they create incentive for smuggling and informal trade.

At the regional level, key stakeholders mentioned the need for more holistic management practices as an area where the sector is struggling. For instance, to achieve a specific sales target that includes exporting to various international markets, certification requirements will have to be met, which means the processing plant requirements for certification must be implemented. The factory floor staff must align with the required health and safety protocols, and, critically, RCN must flow within these operations to meet the sales targets.

With respect to the cashew value chain, the institutional architecture is also nascent. Côte d'Ivoire has the Conseil du coton et de l'anacarde (CCA), a strong active and well-resourced public body with various representatives of members of the cashew value chain. Ghana has just recently created the Ghana Tree Crop Development Authority, and Nigeria is still in the planning stages, with the creation of a national inter-ministerial and interagency committee charged with developing a 10-year development plan for the value chain. This current cashew value chain provides various opportunities for TNS to fine-tune its support to the three countries.

Suggestions

The baseline report allowed the identification of several suggestions. They are summarized below:

1. Sharing of Documentation: Processors would welcome any findings from this study and upcoming ones, especially given the time they spent providing data and information.

2. Institutional Architecture and Regulatory Framework: The project should consider engaging with authorities and processors in supporting countries to mobilize processors and help strengthen their institutional presence to advocate for their interests, as was done for the BéninCajù Project.
3. Regional Integration: The project could consider supporting harmonized regional policies to influence access to all-year supply, cost of doing business, access to financing and technical services, appropriate infrastructure to support growth, and capacity to meet quality standards for processors.
4. Multiple Capacity Building Modalities: The project should focus its capacity building delivery approach on flexible continuous training, training aligning theory and practice and use of virtual tools, as well as taking advantage of good practices such as the Benin innovation hub to dedicate physical space and technological resources for processors to design, test and build required tools and parts.
5. Local Consumption/National Market – Food Production: The project should pay special attention to the development of domestic demand, national market development and use of cashew by-products for food production, to increase revenues for processors.
6. Gender: The project should consider working on closing the gender gap existing between factory workers, mostly composed of women, and management, almost exclusively men. There is an opportunity to work towards a more balanced representation of women throughout the cashew value chain.
7. Processor Eligibility for Participation: The project should further investigate the possibility to work with not only medium- to large-sized processors, but also small-sized processors across all countries (although particularly in Ghana), as the latter might provide greater opportunities for improvement, return on investment and key data sharing on operations and finance.
8. Certification: There is a relatively untapped opportunity for the project to support organic, vegan and sustainability markets, with the use of certification for processors. The development of certified products in Côte d'Ivoire, Ghana, and Nigeria that respond to the worldwide demand for these, is an opportunity to capture the premium pricing for these products.
9. Ultimate Outcome Target: The goal of achieving a 50% increase in processing based on 2020 production very ambitious based on challenges exposed in the baseline report. The project might want to consider reviewing this target down.
10. Additional Studies: The project may want to undertake studies of the Brazilian cashew sector and/or child labor in the cashew value chain.