



# COMPETITIVENESS OF THE AFRICAN CASHEW SECTOR

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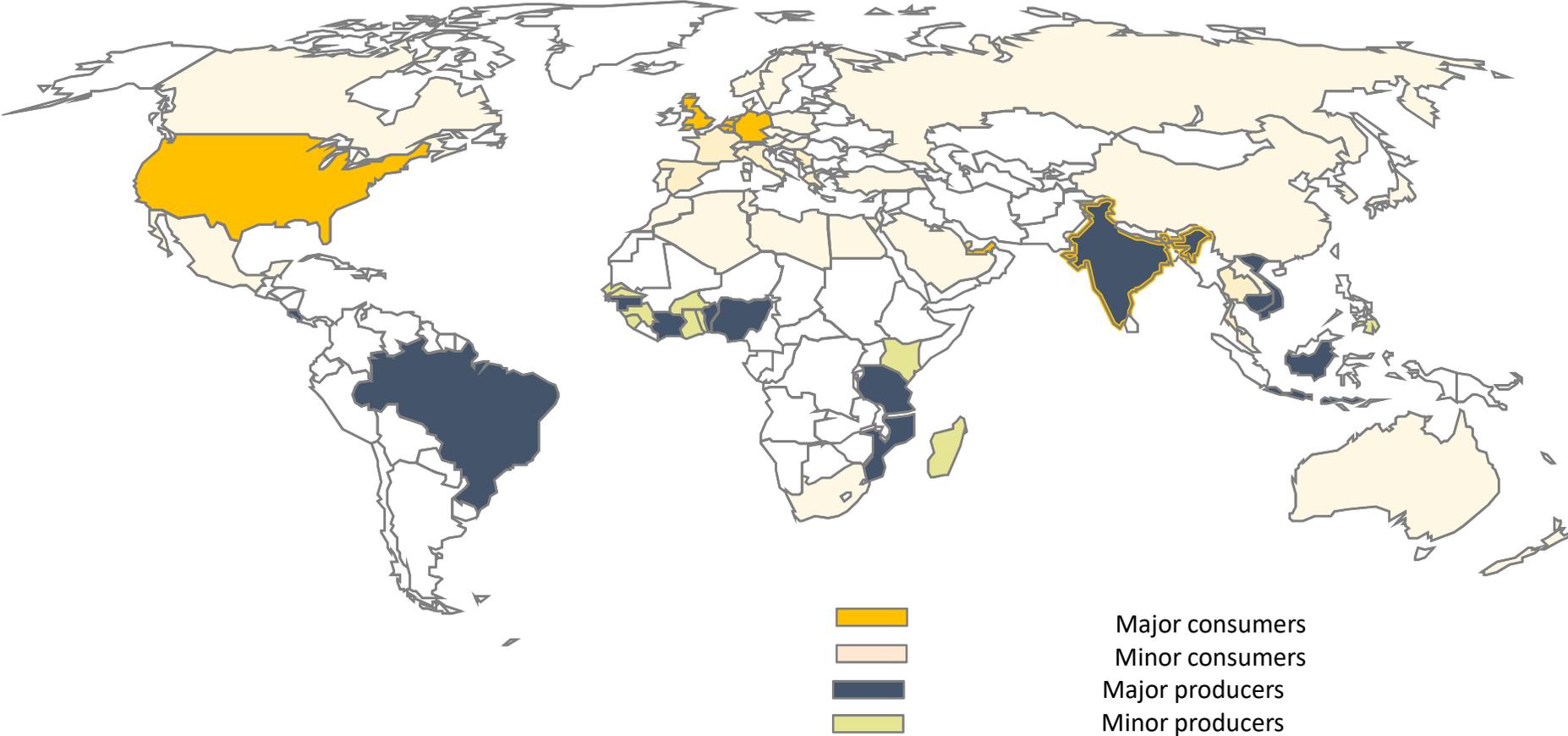
Source of data for the presentation:



*Cashew Processing factories and processor associations based in Africa & Asia*



# Overview of the Global Cashew Sector

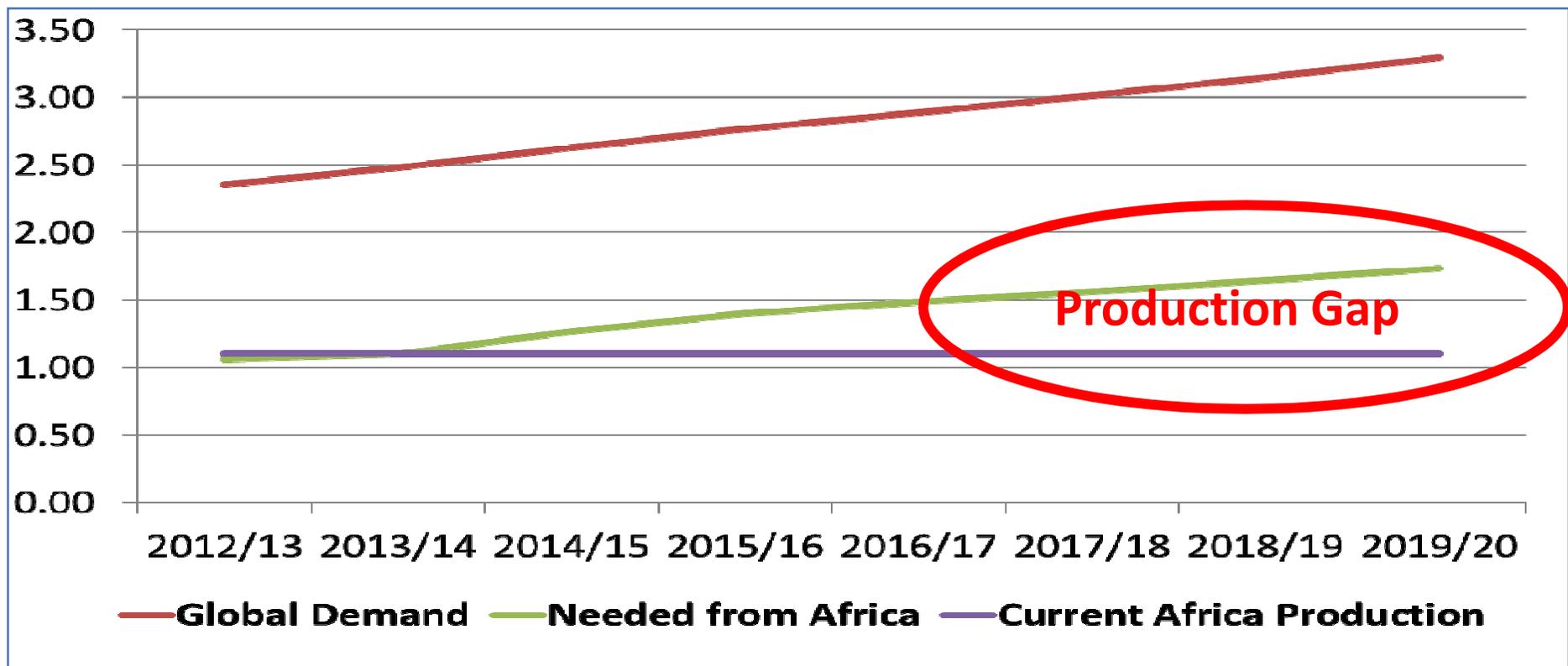


Source: CashewClub/ComCashew

# Tight supply/demand balance offers huge opportunities to Africa



Million tonnes RCN



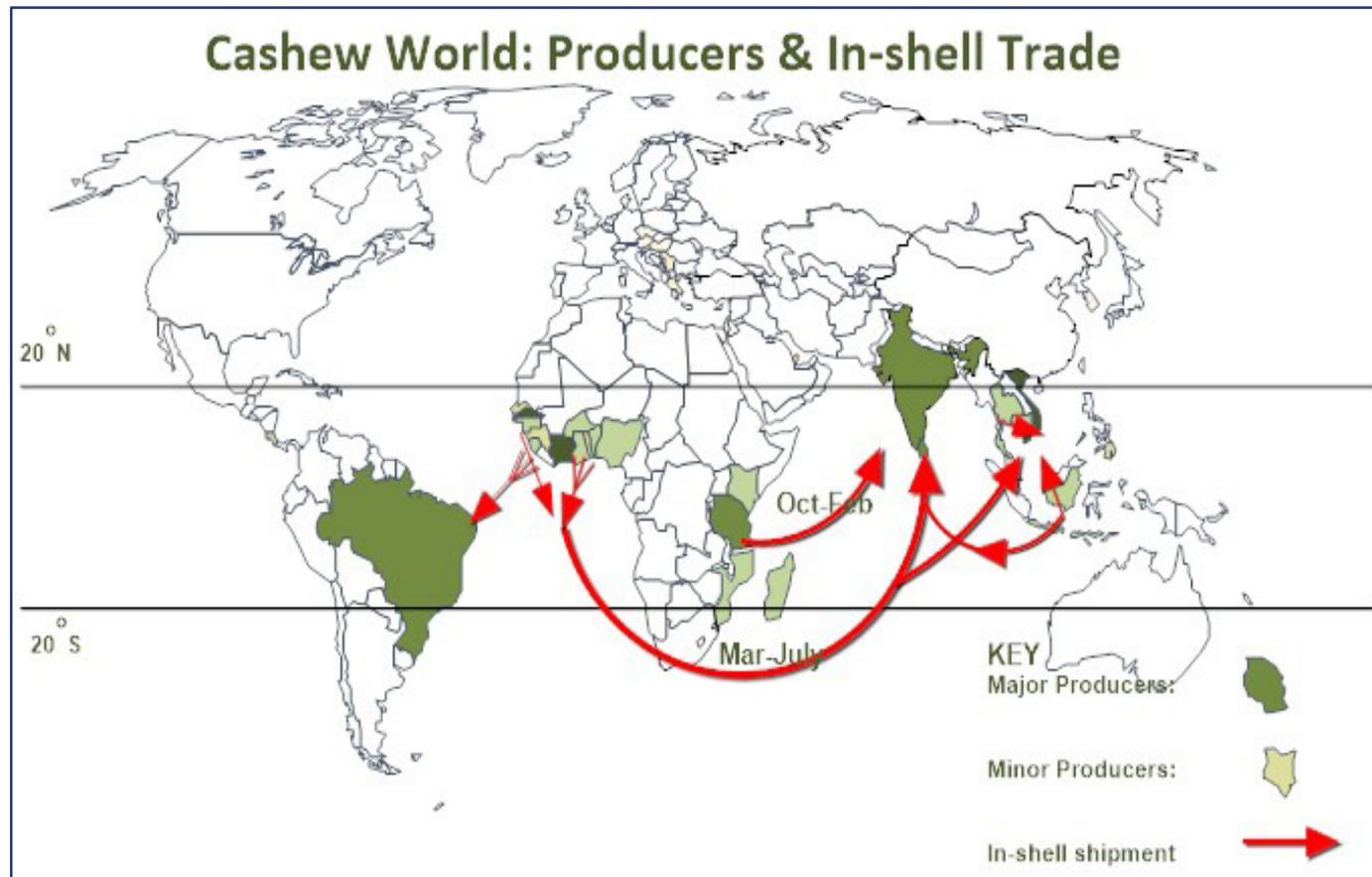
Source: CashewClub/ComCashew

# Opportunities in the cashew processing sector in Africa



- Global Market growth of **7-10 % p.a**;
  - **1.65 mio MT Total production** (forecast 2018) in Africa
  - **1.120 mio MT** of shell with **USD500mio+** revenue from shell alone
  - **14+ mio MT of cashew apples**; processing only **20%** would provide **USD 100** million annual income
  - **450 000+** potential jobs
  - Commitment of governments to support the sector
  - **USD1 billion+** revenue from Equipment supply
-

# World Market Flow: In shell; Moving RCN has a cost



Data Estimated Typical 2012/2013/2014/2015 Seasons Sources: Cashew Club, UNComtrade, ComCashew, CEPCI

# Competitiveness of the cashew supply chain in Africa



- Value addition
- Value for money
- Return on Investment

# Competitiveness of the African Cashew sector



- Right product at the right place
- Product quality and yield
- Cost of processing:
  - Labour vrs Machine
  - By-Products processing
- Efficiency of the supply chain
- Market Access
- Role of government interventions: incentives, duties
- Cost of Finance
- Sustainability

# Competitiveness of the African Cashew sector



- Right product at the right place:
  - 56% share of production in 2017
- Product quality and yield
  - Comparable with other successful origins
  - Quality improvement platform in Ivory Coast
  - Post-harvest infrastructure needs improvement (warehouse, port)
  - Role of development cooperations: GIZ, Technoserve, IDH, BTC, etc
  - Role of industry platforms: Trainings & ACA Seal

# Competitiveness of the African Cashew sector



- Cost of processing and Returns on Investment
  - Cashew processing is profitable when well organised and managed
  - Labour vrs Technology/ Equipment
  - By-products processing
  - Gross margins 35-40%
  - 3-5 year return on investment

# Competitiveness of the African Cashew sector



- Efficiency of the supply chain
  - Effective Supply chain linkage
  - Traceability
  - Reduced transaction costs
  - Savings on transport cost

# Competitiveness of the African Cashew sector



- Market Access

- Cashews represent 19% of the global nut market
- Healthy snacking and lifestyle
- Demand growing at 7% p.a. and surpasses demand
- Kernel buyers available and willing to diversify their markets

# Competitiveness of the African Cashew sector



- Role of government interventions: incentives, duties:
  - Initiatives to support local processing
  - Tax rebates on installation of new factories – most countries
  - Premium for processors – 400 FCFA/kg kernel
  - Processor buying window – Benin/ Mozambique
  - Provision of technical assistance: CTC, World Bank EIB in Ivory Coast
  - CICC/ REDAA

# Competitiveness of the African Cashew sector



- Financing
  - Cost of funding from local banks a challenge however continues to improve
  - ACA Economic models study (2018)
  - Engagement of international banks
  
- Sustainability
  - Traceability
  - Food Safety
  - Standards for RCN buying ?



# Thank you

