Overview

What are the African Cashew Initiative’s (ACi’s) principles and delivery mechanism, how do these lead to general project success, and which can be transferred to other value chains? How do producers and processors benefit from a changing power relationship in a demand-driven market set-up and how does the project support this? What are the benefits and tradeoffs for private actors in partnering for development, beyond their own core business, and how does the public–private interaction work within the project? “How to Implement a Broad-Based Approach to Developing the Africa Cashew Market” examines these questions in terms of ACi’s implementation.

The ACi program identified successful delivery mechanisms for implementing a broad-based multistakeholder approach to develop the cashew sector in several African countries. The key delivery challenge that limits African cashew market development is the lack of business linkages in the value chain to incentivize and equip producers and processors to increase yield, improve processing competitiveness, raise kernel quality, and build value chain cooperation. ACi’s “four forces” of focus drove higher productivity and processing capacity, while strengthening supply chain linkages and organizing sector support, making Africa a more attractive source for the world market. ACi shifted the producer-processor relationship to a more collaborative, farmer-driven model. Its innovative matching fund paired public and private funds for investment in projects that dedicated a portion of spending to farmer training, seed delivery, or supply linkages. This mechanism multiplied funding impact by creating direct relationships between market actors and strong buy-in from private industry players.

Key contextual conditions: Although cashews were seen as an important value chain in the region in 2009, political acceptance and the perceived importance of the commodity varied among countries; yields lagged behind competing countries. The majority of the estimated 1.5 million cashew farmers in Africa are poor and live in rural areas, where they were fragmented, disconnected from markets, and had poor production practices, along with lack of access to training, credit, and inputs. Supply chain relationships between traders and producers were weak.

Key stakeholders: World Bank; German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ); Bill and Melinda Gates Foundation (BMGF); European Union; Instituto de Formento de Caju, Mozambique; Ministry of Food & Agriculture, Ghana; TechnoServe; Conseil du Coton et de l’Anacarde, Côte d’Ivoire; FairMatch Support (FMS); Sustainable Trade Initiative (IDH); Instituto de...
Lessons Learned

- The initial implementation approach using a phased approach provided insights into the situation in the field and clarified the requirements for achieving scalable and sustainable impact.
- The agronomic reality necessitated the inclusion of improved planting materials and the development of baseline business-case financials to attract processor financing and private sector support.
- Focused targets for development impact led to selection criteria for processors.
- The use of the matching fund instrument in building sustainable supply chain linkages allowed ACi to fund farmer training without direct intervention, while simultaneously creating meaningful interaction and lasting links between major actors in the supply chain.
- Institutional sustainability arose from inclusion of national agencies and governments in the decision-making process and alignment of objectives across a broad base of industry stakeholders.
- Given the number of players and stakeholder groups involved and the industry’s infancy, expectations need to be realistic for the execution timeframe.

Development Challenges

- In 2009, about 1.5 million smallholder farmers in Africa produced roughly 38 percent of the world’s cashews, but Africa represented only 3 percent of cashew shelling and 3 percent of cashew consumption as most of the raw nuts were exported to Brazil, India, and Vietnam.
- Opportunities for cashew sector job creation, local value addition, and poverty reduction were largely untapped in Africa.
- The crop was not prioritized by governments as an additional income source or profitable business venture, as cashews had been introduced as recently as 30 years ago in many countries, primarily for beneficial ecological impacts.
- The cashew value chain emphasized returns to traders rather than farmers, who had little quality incentive or end-market visibility.

Delivery Challenges

- The lack of business linkages within the value chain to incentivize and equip producers and processors to increase yield, improve processing competitiveness, raise kernel quality, and build value chain cooperation.
- Cashew kernel processing in Africa was—and continues to be—saddled with high costs.
- The strong growth potential is an opportunity for smallholders in Africa to develop an additional income source through cashew sector development as global cashew demand was growing continuously, while Asia supply sources seemed to be stagnating.