



Running a Cashew Processing Business

**Golden Tulip Hotel, Cotonou
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by

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About ACA



- Established in 2006 as an association of African and international businesses
- Interested in promoting a globally competitive African cashew industry.
- Nearly 100 member companies work under the ACA banner
- From all aspects of the cashew value chain, including producers, processors, traders, and international buyers.





About ACA....contd

Vision:

A sustainable African cashew industry that delivers globally competitive, value added products and secures profitability for all actors.

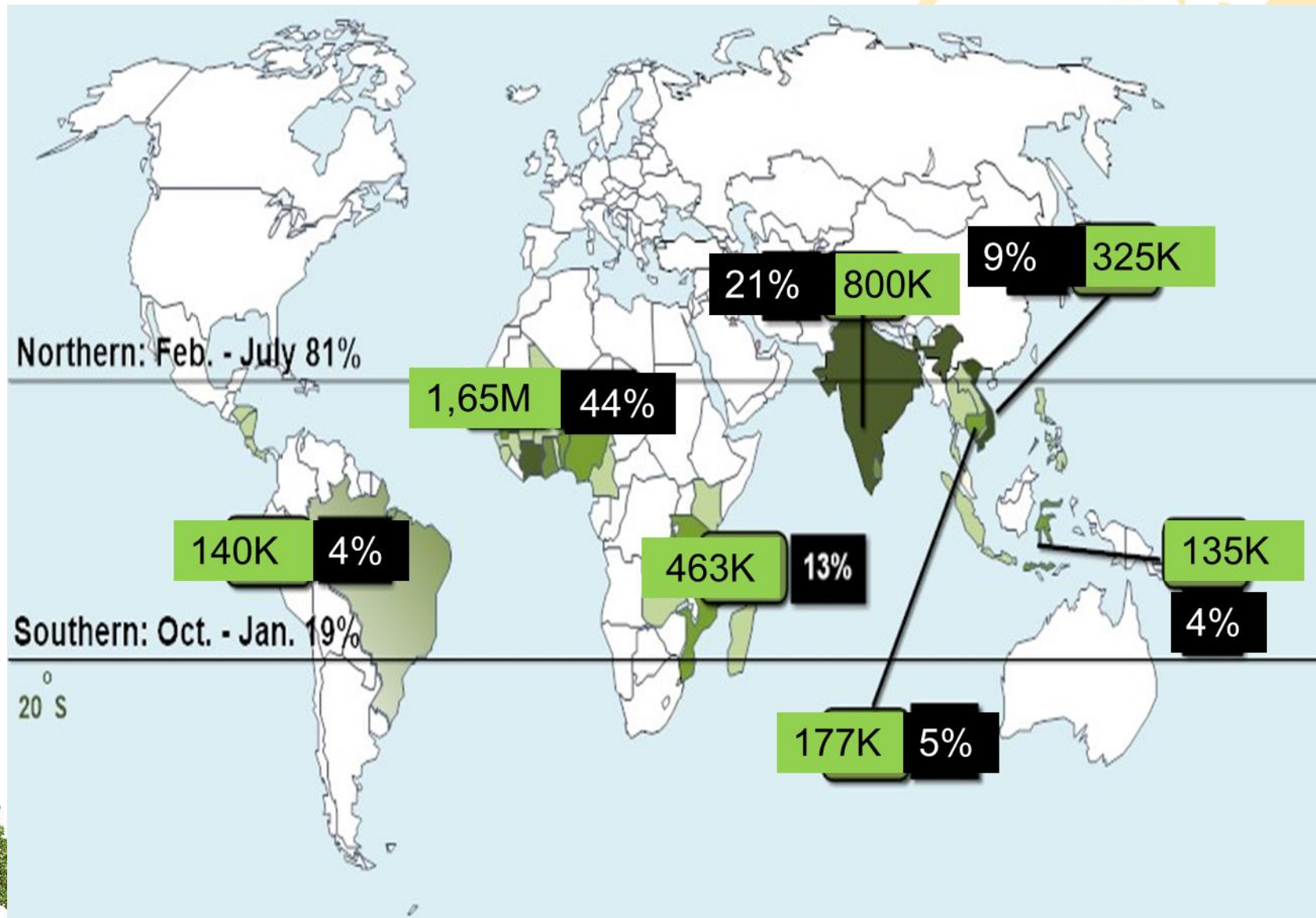
Mission:

To create a platform for accelerating growth and investments in the African cashew industry through partnerships, advocacy, market linkages, technical support and global networking,





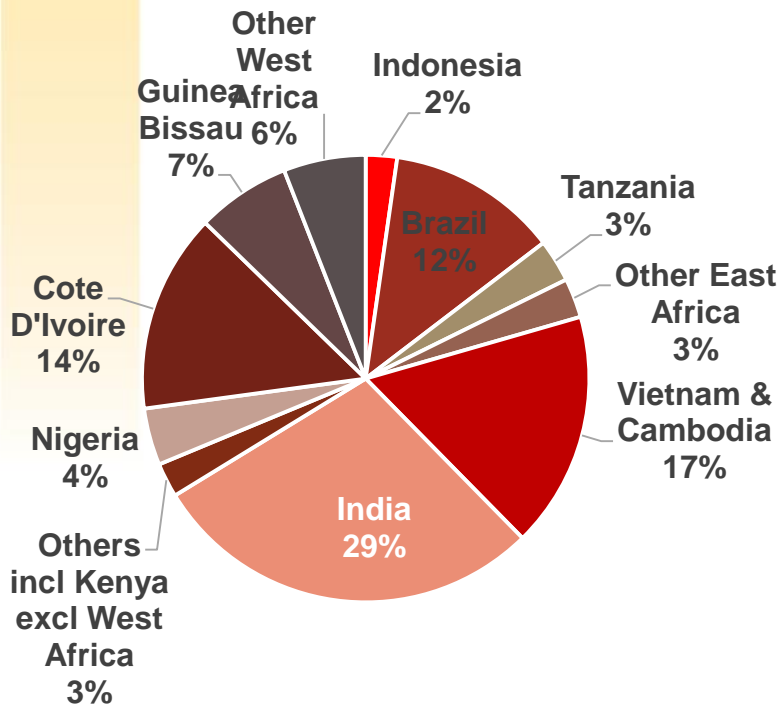
Global Cashew Production 3.75M by 2018



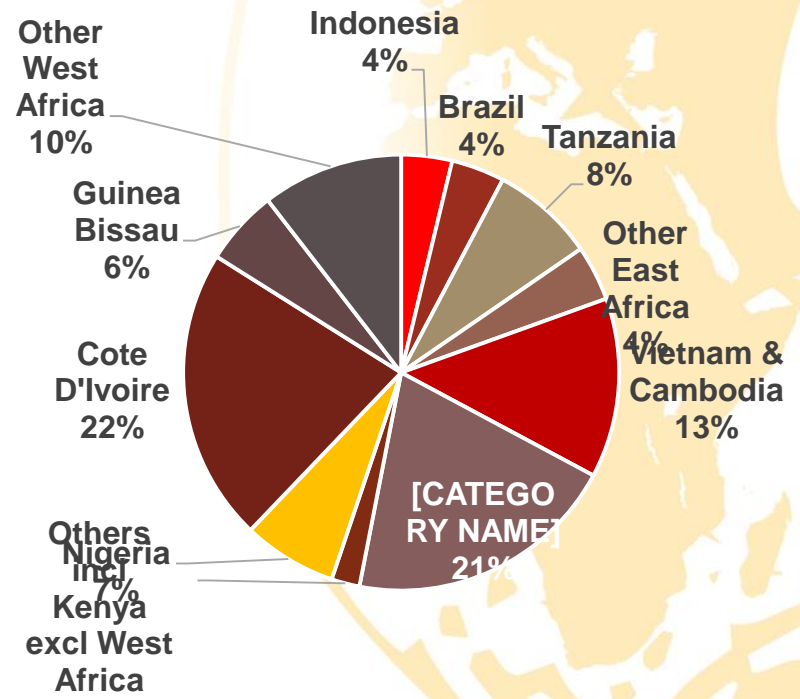


Share of Countries in Global Production (2009 vrs 2019)

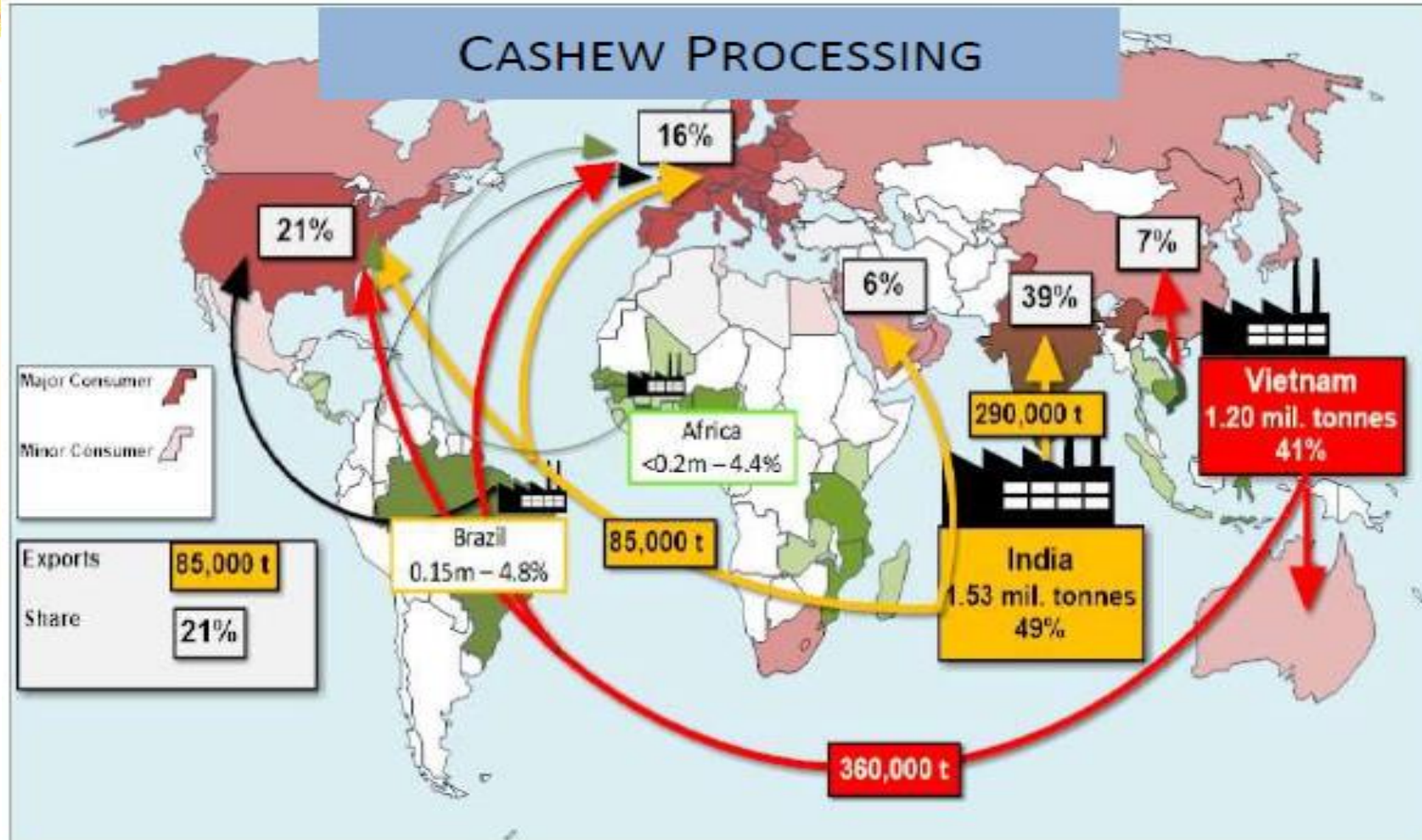
2009



2019



Global Processing Situation - 2018



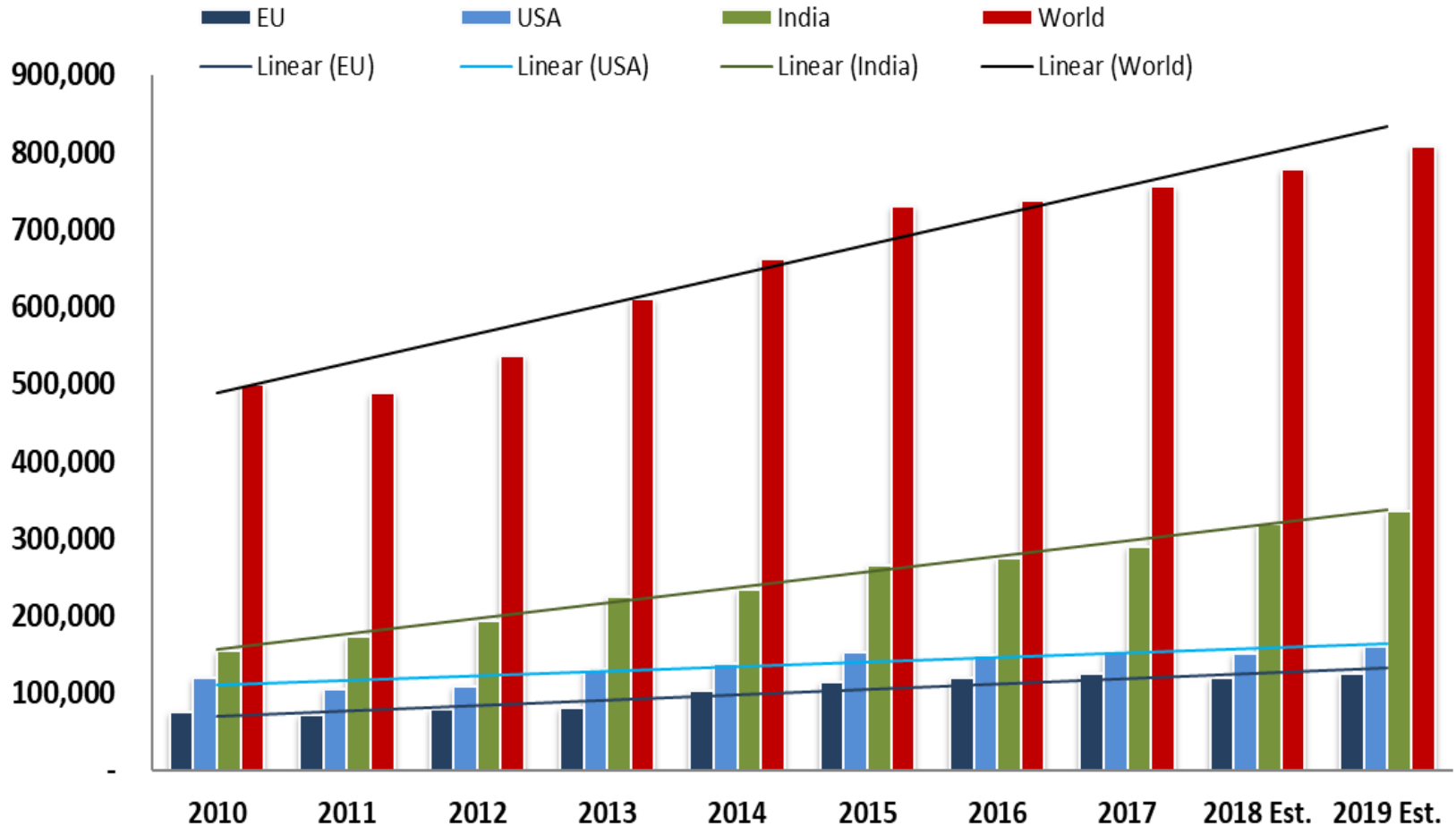
Growing number of factories in Africa, yet capacity utilization has been very low





Cashew Market – Kernel Consumption

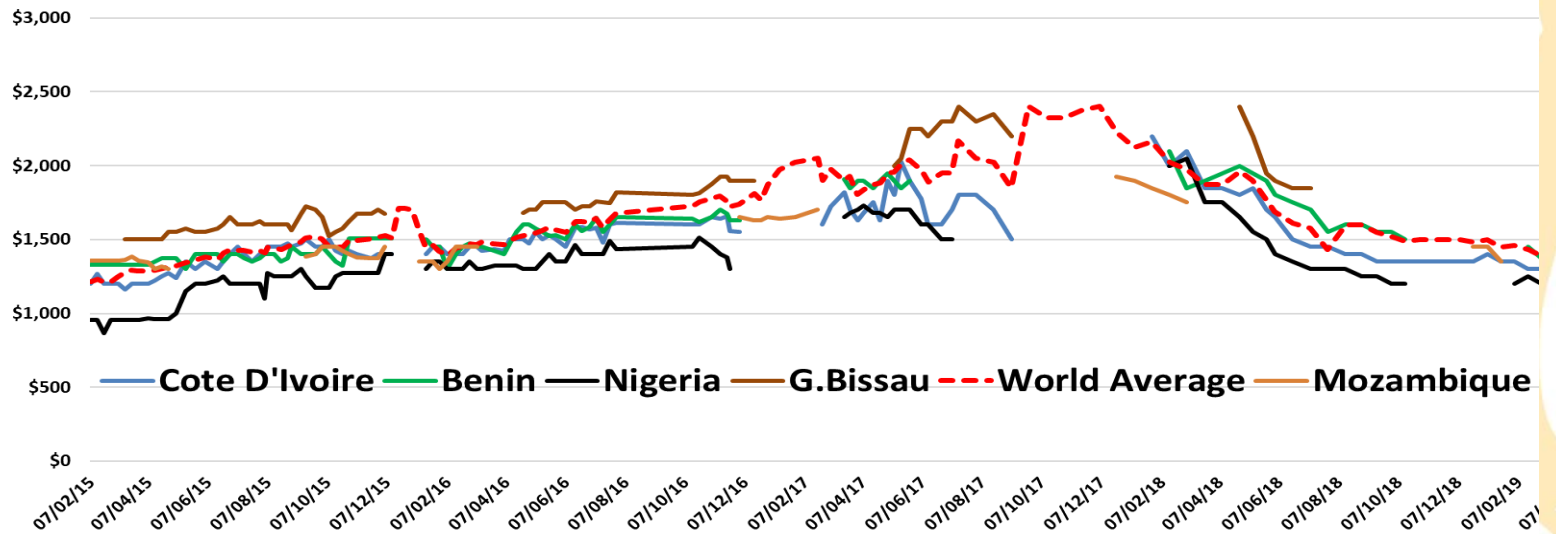
Cashew Consumption Kernels Tonnes



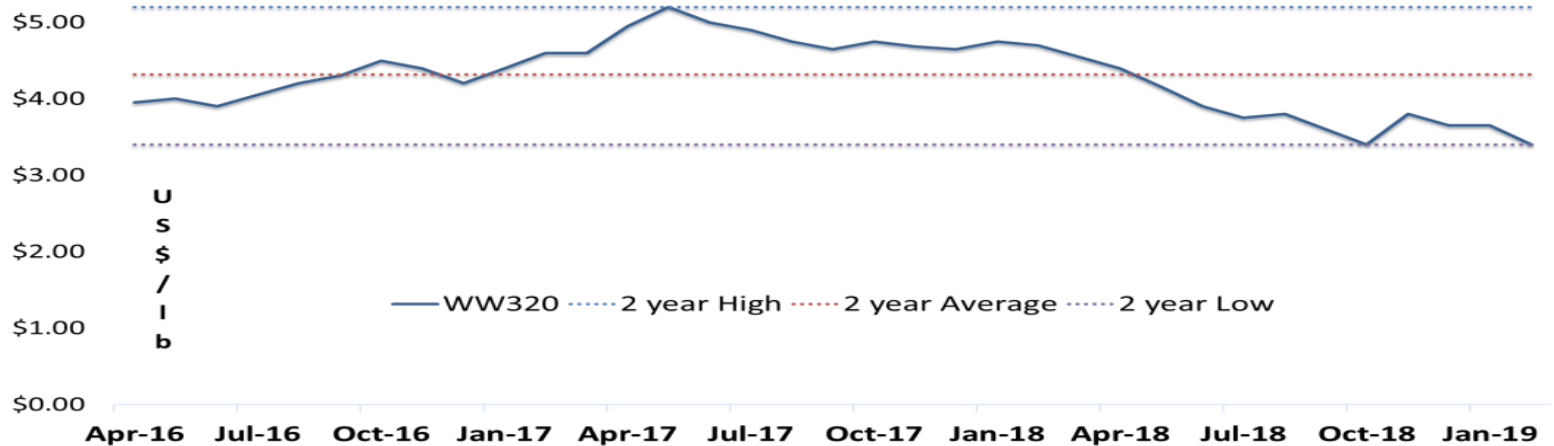
World kernel consumption showed 10 years CAGR of 5%

Cashew Market- Price Trends

RCN Prices Cfr India/Vietnam

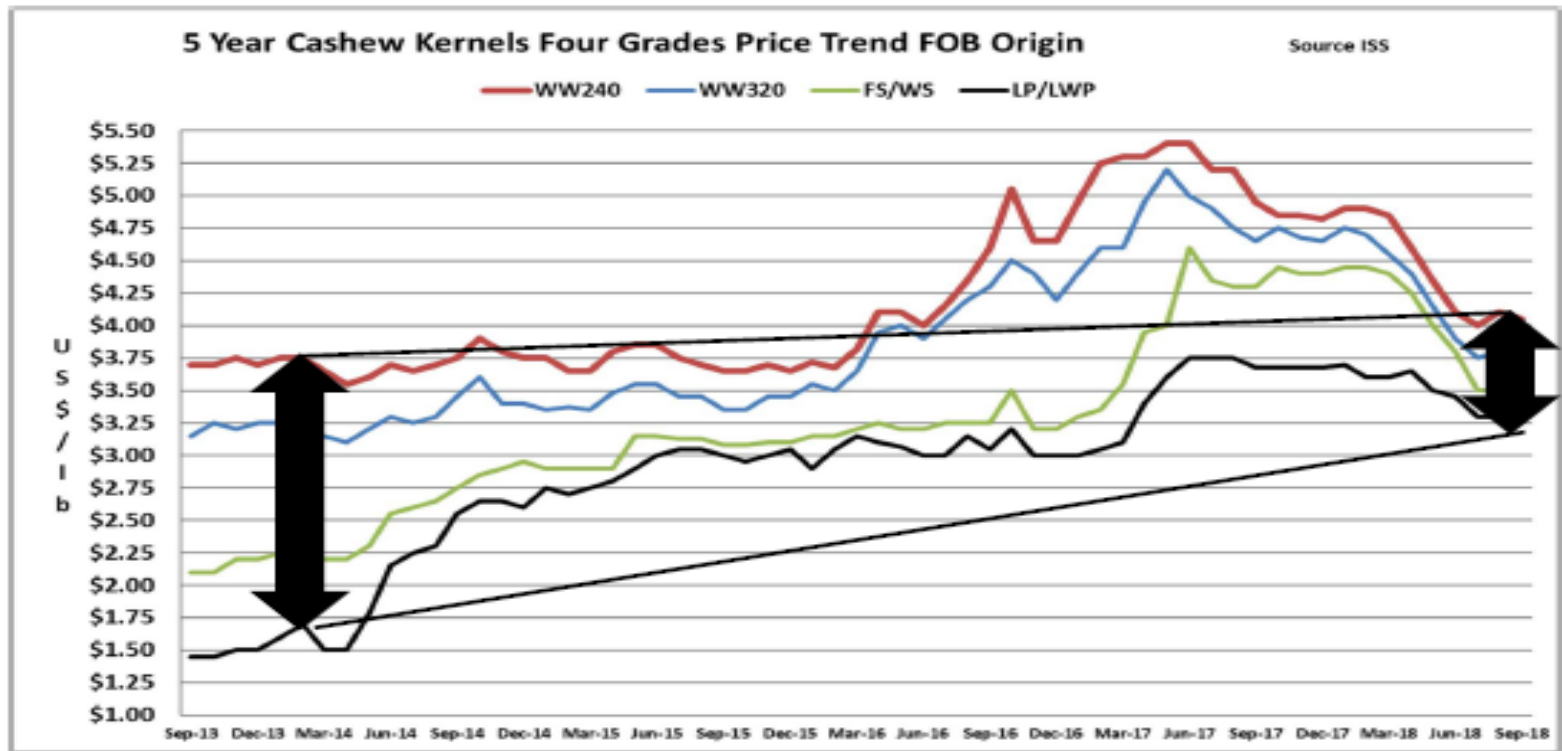


Cashew Kernels Price WW320 Trend FOB Origin





Price Convergence Could Offer Opportunity for Processors in Africa



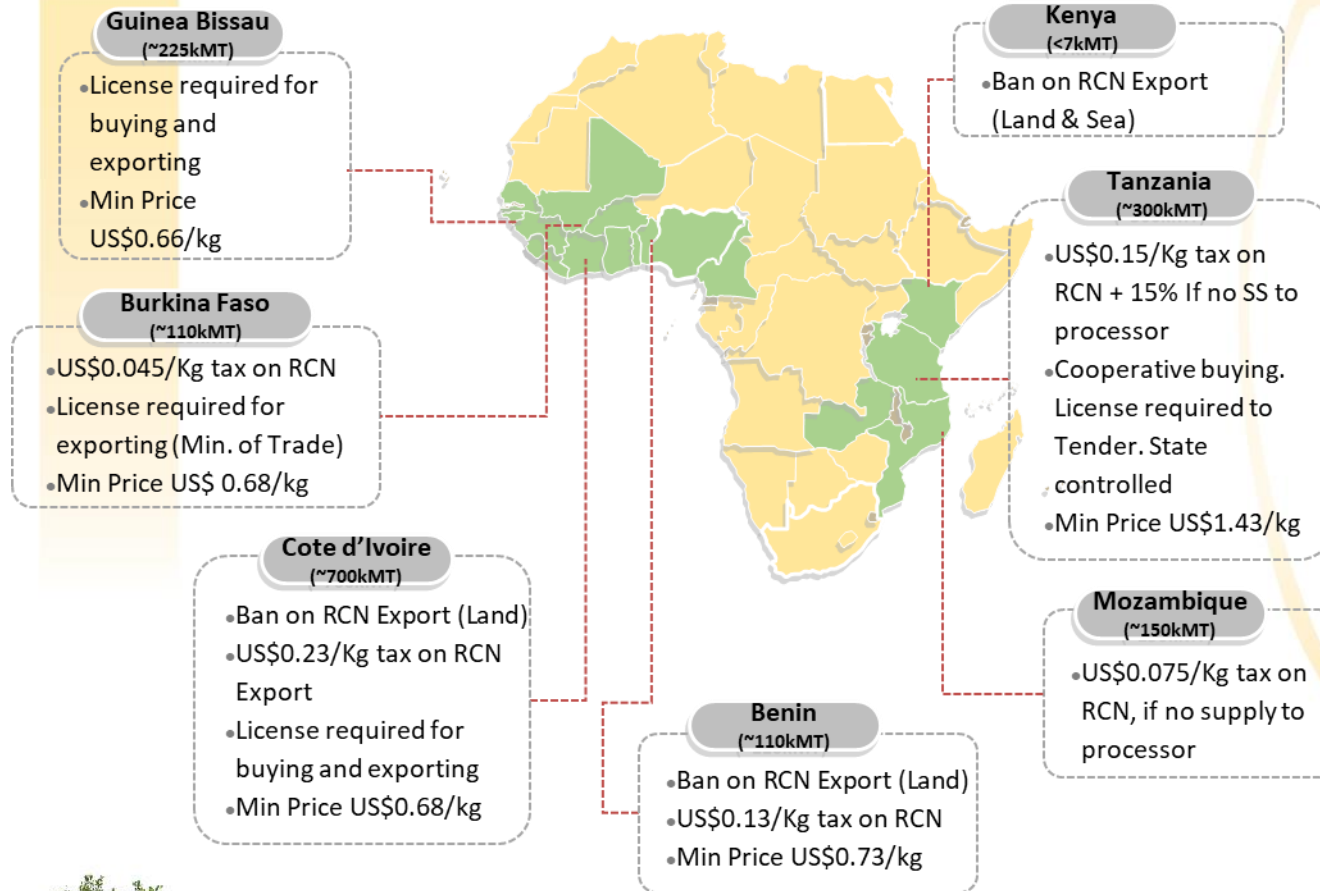
Source: The Cashew Club, October 2018



\$2 margin between WW240 in 2013, closes to \$1 margin by September 2018, mainly on account of rapid fall in WW240, but could reflect gradually disappearing differentiation downstream as roasters develop new products



Cashew Sector Policies in Africa – RCN Focused



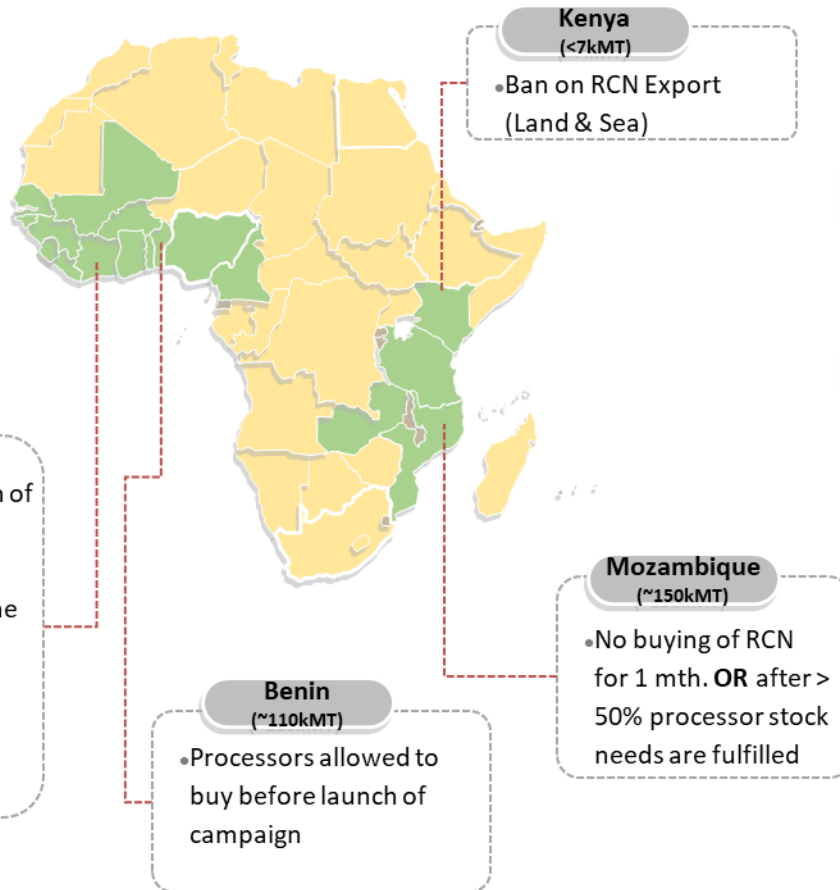
Key Policies:

- 1. Ban on land export** in Cote d'Ivoire and Benin, of RCN exists. Kenya, has both Export land and sea ban.
- 2. Tax on RCN Export** ranging from US\$0.045 in Burkina Faso to US\$0.23 per kg (2019) in Cote d'Ivoire
- 3. Buyer/ Exporter licensing Requirement** before buying RCN in GB, BF, CIV and TZ
- 4. Minimum Farm-gate price** of RCN ranging from US\$0.66 to US\$1.43 per kg (2019) are set annually in GB, BF, CIV, BN and TZ





Cashew Sector Policies in Africa – Processing Focused



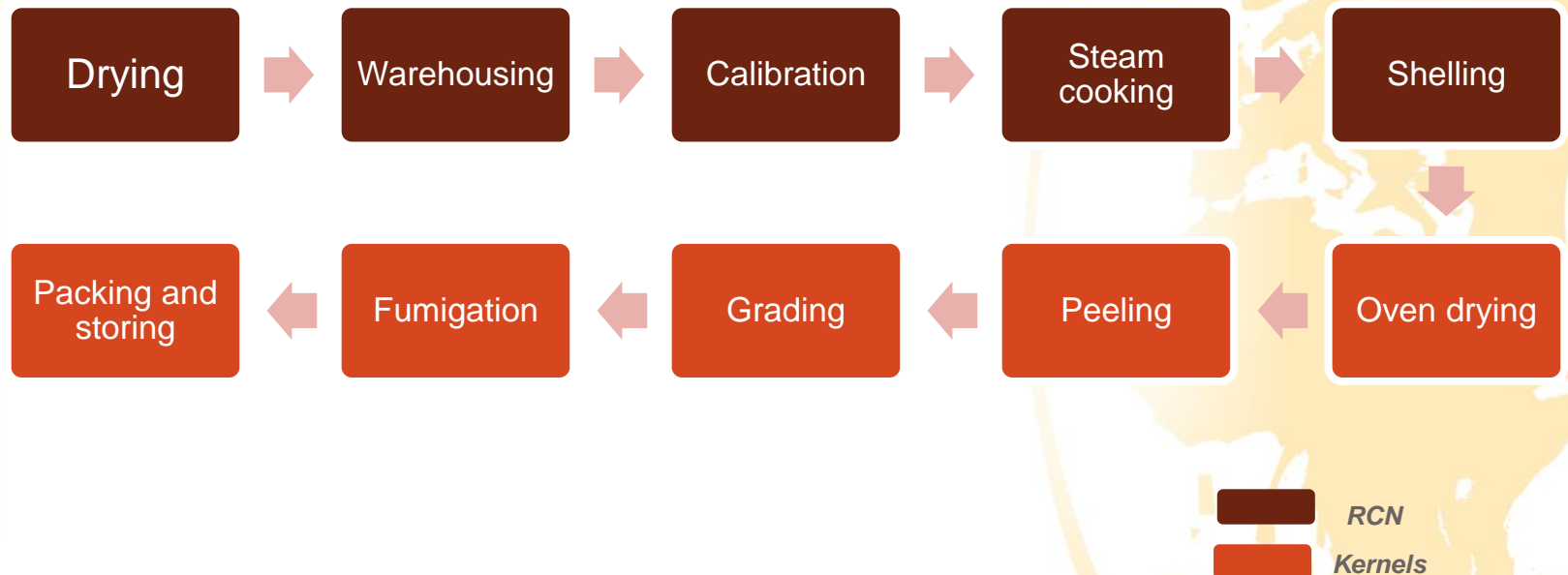
Key Policies:

1. MZ and BN have defined **buying periods** for Processors, to fill their stock before allowing Traders/Exporters
2. In CIV, RCN **exporters are to sell-back 15%** of RCN to Processors before exporting. **In BN, 5MT must go to Processors before export stopped in 2017.**
3. CIV pays a **subsidy to local Processors** (US\$0.73/kg of kernel exported)
4. CIV **guarantees** 25% of loans to Processors, up to 5billion FCFA





Overview of Cashew Processing



- A process of **ten steps**
- **Each step has its purpose** and is essential to the process
- **Excellent execution of each step is necessary to obtain a qualitative end product, i.e. whole, white and tasty kernels**



Processing Models and Costs

Models	Manual	Semi-Mechanized	Mechanized
Processed volume (RCN/Year)	3,000 MT	3,000 MT	20,000 MT
CAPEX (USD)	1,750,000	2,226,000	9,000,000
Internal rate of return (IRR)	13.64%	26.56%	27.60%
Pay back period	6 Years	4 Years	4 Years
Number of jobs created	866	429	2,255

Source: Développement de modèles d'affaire pour la transformation de l'anacarde en Côte d'Ivoire, TechnoServe



Efficiency in Operations

Economic efficiency in cashew processing....



...aims for minimum input (\$) and maximum finished product output (\$)

Depends on 4 parameters

- 1) Kernel yield
- 2) Wholes percentage
- 3) Whiteness
- 4) Conversion cost



The objective of efficiency applies to the **entire value chain**. From plantation to packaging and sales.



Bear food safety and quality in mind

Food Safety



- Food causes no harm or illness
- Basic customer expectation
- Legal regulations
- Internationally recognized standards



Food Quality

- Specific food characteristics (e.g. color, size, etc.)
- Customer preferences
- Buyer requirements
- Branding, product differentiation

Food Safety is a condition to offer Food Quality





Human Resource

- Recruit competent staff
- Make a job description for the staff
- Train the staff
- Motivate the staff
- Involve them in decision making
- Evaluate the staff
- Insure safety for all the staff



Useful tips



1. Be always connected to market information systems
2. Implement international quality standards such as:
 - ✓ ISO 9001: Quality management systems
 - ✓ ISO 22000 or BRC : Food safety management systems
 - ✓ ISO 14001: Environment management systems

....and ACA Seal



Thank You



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