Industry snapshot

The Sierra Leone cashew sector has reached a critical stage in its development. While cashew has been cultivated in Sierra Leone for many years, only recently has there been a significant expansion. The last five years have seen major investment from programmes in the planting of orchards by small-scale farmers and a recent assessment by Invest Salone concluded that around 28,000 ha of cashew now stand in Sierra Leone with 85% of that area planted since 2017 (Table 1).

In tree crop agriculture, the initial investment in establishment and the wait before yielding is often a major constraint and this has been addressed through these programmes, creating a potentially valuable asset for small farmers. They have also been given training in crop husbandry. Current production of raw cashew nuts (RCN) in Sierra Leone remains very low. However, as these orchards mature, the supply of RCN will increase. If the fields are well maintained, then this increase could be very substantial. Invest Salone has modelled potential production, making assumptions.

Table 1. Estimated area (ha) of cashew planted and surviving

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<td>276</td>
<td>976</td>
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<td>345</td>
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Cashew is a high value crop with the potential to support income growth for smallholders and export development. Smallholder planting has been heavily promoted in recent years. To achieve a productive sector more private sector cashew companies need to be encouraged to bring in investment and expertise. This Insights leaflet provides the background and recommendations on how to provide ongoing support to smallholder farmers; develop the supply chain to increase exports; and build expertise.
about the yields that could be achieved. If all went very well, this could amount to around 20,000 tonnes of RCN by 2025 (Figure 1).

The key challenge is productivity, which is very low – estimated at just 148 kgs of RCN per hectare from the older orchards. This compares with averages of over 600 kgs in other parts of West Africa and potential yields of as much as 1,000 kgs. Even with the relatively high farmgate prices paid in Sierra Leone of up to 0.80 US cents per kg, this only gives a gross revenue of US$118 per hectare which is a low level of labour productivity to the farmer who has invested. While the expansion is an important positive, there are many other hurdles to overcome as set out in the Government’s cashew policy from 2019:

- weak governance structure
- weak actors
- lack of knowledge and experience in managing cashew
- lack of market ecosystem
- low volumes, high prices
- exporters not able to develop their supply chains
- inability to process high volumes locally
- lack of access to finance for farmers who need ongoing support and encouragement until their volumes increase.
The opportunity

Cashew is a high value crop which is well suited to smallholder cultivation. The market for quality cashew kernels is strong with an average annual growth rate of 4.56% forecast for the next five years. The crop can be exported as RCN for processing (usually in India or Vietnam), but there is potential to develop local processing for export. This, however, requires investment, as well as a high level of knowledge of the sector and management capacity. RCN are not highly perishable and do not require a cool chain. Quality depends on crop husbandry and good post-harvest handling (drying and storage).

What will it take?

A successful, sustainable and competitive cashew sector must be built on high productivity, delivered through investment along the supply chain in capital, organisation and skills development, and effective partnerships.

On-farm investment

Initial investment in the industry by donor projects to establish cashew farms across Sierra Leone is not enough to sustain the industry in the long term. Farmers need ongoing support to fertilise their crops, take care of weeds and fire risks, and prune trees. Working capital is also needed for harvesting and storage. In other countries in the region, cashew companies provide embedded services or pre-financing to farmers to ensure the crops are taken care of over the years. Without access to financing, farmers will not have the resources to properly look after their crops which will result in low yield and falling returns.

Supply-chain investment

For export of RCN, investment is needed in marketing infrastructure to enable the collection and management of quality RCN to the port (the highest annual export to date is just 80 tonnes). The main investment here is in organisations and their capacity. An integrated structure is needed that connects farmers to exporters. This may involve farmer-based organisations, aggregators, buying agents and international cashew companies. What is clear is that these structures are not in place and there is a lack of cashew expertise amongst those currently involved in buying the small crop available. The lead here needs to come from the private sector who have the expertise in cashew and links to the international processing sector.

Processing of cashew in-country

Several African cashew producers have taken the next step to add value by processing cashew in-country. Cashew processing for export (as opposed to small-scale processing for domestic markets) requires investment in a processing facility and in linkages to producers to secure supply. Processing factories need sufficient volume to run year-round. A rough guide for full mechanisation is that capacity of RCN to be processed should be a minimum of 10,000 tonnes per annum. This investment does not make sense at current production levels but could become viable in the future.
Partnerships

Small farmer-based cashew sectors require successful partnerships to flourish. Supply chain partnerships are key in a new sector which does not have established practices, governance and scale. An integrated approach enables information and expertise to flow from the market and links the private sector players with those providing public goods through government or donor-funded services. The private sector needs the support from the public sector/donors and vice versa. The gap in Sierra Leone is the private sector, with only Balmed Holdings, Kamcashew and Mel-O-Africa established as formal private companies in cashew.

Attracting more private sector cashew companies is essential to bring in investment and expertise. An initiative is now under way to pilot a supply chain to Nuts2 in the Netherlands through Mel-O-Africa Limited with support from the EU BAFS programme.


Contact Invest Salone
Invest Salone has been working with a range of stakeholders in the cashew sector and is in an ideal position to facilitate partnerships. Please contact us if you would like more information.
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The Invest Salone programme is supported by UK aid but the views expressed in this leaflet do not necessarily represent those of the UK government.